



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

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AS ENACTED

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1 agreement will facilitate collection by the department~~[cabinet]~~ of the amounts
 2 owed. The department~~[cabinet]~~ may modify or terminate an installment payment
 3 agreement if it determines the taxpayer has not complied with the terms of the
 4 agreement; the taxpayers' financial condition has sufficiently changed; the taxpayer
 5 fails to provide any requested financial condition update information; the taxpayer
 6 gave false or misleading information in securing the agreement; or the taxpayer fails
 7 to timely report and pay any other tax due the Commonwealth. The
 8 department~~[cabinet]~~ shall give written notice to the taxpayer at least thirty (30) days
 9 prior to modifying or terminating an installment payment agreement unless the
 10 department~~[cabinet]~~ has reason to believe that collection of the amounts owed will
 11 be jeopardized in whole or in part by delay.

12 (10) The department~~[cabinet]~~ shall not knowingly authorize, require, or conduct any
 13 investigation or surveillance of any person for nontax administration related
 14 purposes, except internal security related investigations involving Department of
 15 Revenue~~[Cabinet]~~ personnel.

16 (11) In addition to the circumstances under which an extension of time for filing reports
 17 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to
 18 the same extension of the due date of any comparable Kentucky tax report or return
 19 for which the taxpayer has secured a written extension from the Internal Revenue
 20 Service provided the taxpayer notifies the department~~[cabinet]~~ in writing and
 21 provides a copy of the extension at the time and in the manner which the
 22 department~~[cabinet]~~ may require.

23 (12) The department~~[cabinet]~~ shall bear the cost or, if paid by the taxpayer, reimburse
 24 the taxpayer for recording or bank charges as the direct result of any erroneous lien
 25 or levy by the department~~[cabinet]~~, provided the erroneous lien or levy was caused
 26 by department~~[cabinet]~~ error and, prior to issuance of the erroneous lien or levy, the
 27 taxpayer timely responded to all contacts by the department~~[cabinet]~~ and provided

1 information or documentation sufficient to establish his or her position. When the
 2 department~~[cabinet]~~ releases any erroneous lien or levy, notice of the fact shall be
 3 mailed to the taxpayer and, if requested by the taxpayer, a copy of the release,
 4 together with an explanation, shall be mailed to the major credit reporting
 5 companies located in the county where it was filed.

6 (13) The department~~[cabinet]~~ shall not evaluate individual officers or employees on the
 7 basis of taxes assessed or collected or impose or suggest tax assessment or
 8 collection quotas or goals.

9 (14) Taxpayers shall have the right to bring an action for damages against the
 10 Commonwealth to the Board of Claims for actual and direct monetary damages
 11 sustained by the taxpayer as a result of willful, reckless, and intentional disregard by
 12 department~~[cabinet]~~ employees of the rights of taxpayers as set out in KRS 131.041
 13 to 131.081 or in the tax laws administered by the department~~[cabinet]~~. In the
 14 awarding of damages pursuant to this subsection, the board shall take into
 15 consideration the negligence or omissions, if any, on the part of the taxpayer which
 16 contributed to the damages. If any proceeding brought by a taxpayer is ruled
 17 frivolous by the board, the department~~[cabinet]~~ shall be reimbursed by the taxpayer
 18 for its costs in defending the action.

19 (15) Taxpayers shall have the right to privacy with regard to the information provided on
 20 their Kentucky tax returns and reports, including any attached information or
 21 documents. Except as provided in KRS 131.190, no information pertaining to the
 22 returns, reports, or the affairs of a person's business shall be divulged by the
 23 department~~[cabinet]~~ to any person or be intentionally and without authorization
 24 inspected by any present or former commissioner~~[secretary]~~ or employee of the
 25 Department of Revenue~~[Cabinet]~~, member of a county board of assessment
 26 appeals, property valuation administrator or employee, or any other person.

27 Section 112. KRS 131.110 is amended to read as follows:

- 1 (1) The Department of Revenue [~~Cabinet~~] shall mail to the taxpayer a notice of any tax
2 assessed by it. The assessment shall be due and payable if not protested in writing to
3 the department [~~cabinet~~] within forty-five (45) days from the date of notice. Claims
4 for refund of paid assessments may be made under KRS 134.580 and denials
5 appealed under KRS 131.340. The protest shall be accompanied by a supporting
6 statement setting forth the grounds upon which the protest is made. Upon written
7 request, the department [~~cabinet~~] may extend the time for filing the supporting
8 statement if it appears the delay is necessary and unavoidable. The refusal of the
9 extension may be reviewed in the same manner as a protested assessment.
- 10 (2) After a timely protest has been filed, the taxpayer may request a conference with the
11 department [~~cabinet~~]. The request shall be granted in writing stating the date and
12 time set for the conference. The taxpayer may appear in person or by representative.
13 Further conferences may be held by mutual agreement.
- 14 (3) After considering the taxpayer's protest, including any matters presented at the final
15 conference, the department [~~cabinet~~] shall issue a final ruling on any matter still in
16 controversy, which shall be mailed to the taxpayer. The ruling shall state that it is a
17 final ruling of the department [~~cabinet~~], generally state the issues in controversy, the
18 department's [~~cabinet's~~] position thereon and set forth the procedure for prosecuting
19 an appeal to the Kentucky Board of Tax Appeals.
- 20 (4) The taxpayer may request in writing a final ruling at any time after filing a timely
21 protest and supporting statement. When a final ruling is requested, the
22 department [~~cabinet~~] shall issue such ruling within thirty (30) days from the date the
23 request is received by the department [~~cabinet~~].
- 24 (5) After a final ruling has been issued, the taxpayer may appeal to the Kentucky Board
25 of Tax Appeals pursuant to the provisions of KRS 131.340.
- 26 Section 113. KRS 131.130 is amended to read as follows:
27 Without limitation of other duties assigned to it by law, the following powers and duties

1 are vested in the Department of Revenue~~[Cabinet]~~:

2 (1) The department~~[cabinet]~~ may make administrative regulations, and direct
3 proceedings and actions, for the administration and enforcement of all tax laws of
4 this state.

5 (2) The department~~[cabinet]~~, by representatives appointed by it in writing, may take
6 testimony or depositions, and may examine the records, documents, files, and
7 equipment of any taxpayer or of any person whose records, documents, or
8 equipment will furnish knowledge concerning the tax liability of any taxpayer,
9 when it deems this reasonably necessary for purposes incident to the performance of
10 its functions. The department~~[cabinet]~~ may enforce this right by application to the
11 Circuit Court in the county wherein the person is domiciled or has his principal
12 office, or by application to the Franklin Circuit Court, which courts may compel
13 compliance with the orders of the department~~[cabinet]~~.

14 (3) The department~~[cabinet]~~ shall prescribe the style, and determine and enforce the
15 use or manner of keeping, of all assessment and tax forms and records employed by
16 state and county officials, and may prescribe forms necessary for the administration
17 of any revenue law by the promulgation of an administrative regulation pursuant to
18 KRS Chapter 13A incorporating the forms by reference.

19 (4) The department~~[cabinet]~~ shall advise on all questions respecting the construction of
20 state revenue laws and the application thereof to various classes of taxpayers and
21 property.

22 (5) Attorneys employed by the Finance and Administration Cabinet and approved by
23 the Attorney General as provided in KRS 15.020 may prosecute all violations of the
24 criminal and penal laws relating to revenue and taxation. If a Finance and
25 Administration~~[Revenue]~~ Cabinet attorney undertakes any of the actions prescribed
26 in this subsection, he shall be authorized to exercise all powers and perform all
27 duties in respect to the criminal actions or proceedings which the prosecuting

1 attorney would otherwise perform or exercise, including but not limited to the
 2 authority to sign, file, and present any and all complaints, affidavits, information,
 3 presentments, accusations, indictments, subpoenas, and processes of any kind, and
 4 to appear before all grand juries, courts, or tribunals.

5 (6) In the event of the incapacity of attorneys employed by the Finance and
 6 Administration Cabinet or at the request of the secretary of the Finance and
 7 Administration~~[Revenue]~~ Cabinet, the Attorney General or his designee shall
 8 prosecute all violations of the criminal and penal laws relating to revenue and
 9 taxation. If the Attorney General undertakes any of the actions prescribed in this
 10 subsection, he shall be authorized to exercise all powers and perform all duties in
 11 respect to the criminal actions or proceedings which the prosecuting attorney would
 12 otherwise perform or exercise, including but not limited to the authority to sign, file,
 13 and present any and all complaints, affidavits, information, presentments,
 14 accusations, indictments, subpoenas, and processes of any kind, and to appear
 15 before all grand juries, courts, or tribunals.

16 (7) The department~~[cabinet]~~ may require the Commonwealth's attorneys and county
 17 attorneys to prosecute actions and proceedings and perform other services incident
 18 to the enforcement of laws assigned to the department~~[cabinet]~~ for administration.

19 (8) The department~~[cabinet]~~ may conduct research in the fields of taxation, finance,
 20 and local government administration, and publish its findings, as the
 21 commissioner~~[secretary]~~ may deem wise.

22 (9) The department~~[cabinet]~~ may make administrative regulations necessary to
 23 establish a system of taxpayer identifying numbers for the purpose of securing
 24 proper identification of taxpayers subject to any tax laws or other revenue measure
 25 of this state, and may require such taxpayer to place on any return, report, statement,
 26 or other document required to be filed, any number assigned pursuant to such
 27 administrative regulations.

(10) The department~~[cabinet]~~ may, when it is in the best interest of the Commonwealth and helpful to the efficient and effective enforcement, administration, or collection of sales and use tax, motor fuels tax, or the petroleum environmental assurance fee, enter into agreements with out-of-state retailers or other persons for the collection and remittance of sales and use tax, the motor fuels tax, or the petroleum environmental assurance fee.

(11) The department~~[cabinet]~~ may enter into annual memoranda of agreement with any state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization to assume the collection duties for any debts due the state entity and may renew that agreement for up to five (5) years. Under such an agreement, the department~~[cabinet]~~ shall have all the powers, rights, duties, and authority with respect to the collection, refund, and administration of those liquidated debts as provided under:

(a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration of delinquent taxes; and

(b) Any applicable statutory provisions governing the state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization for the collection, refund, and administration of any liquidated debts due the state entity.

Section 114. KRS 131.135 is amended to read as follows:

(1) Each employer subject to KRS Chapter 342 shall file annually with the Department of Revenue~~[Cabinet]~~, in accordance with administrative regulations, a report providing the policy number and the name and address of the employer's workers' compensation insurance carrier.

(2) The report may be made available to other state agencies notwithstanding the confidentiality provisions of KRS 131.190.

Section 115. KRS 131.140 is amended to read as follows:

- 1 (1) The department~~[cabinet]~~ shall requisition the Finance and Administration Cabinet
2 to furnish to local officials an adequate supply of forms for listing property for
3 taxation and other forms and blanks the state is required by law to provide. The
4 books and records prescribed for use by property valuation administrators, county
5 clerks, sheriffs and other county tax collectors shall be designed to promote
6 economical operation, adequate control, availability of useful information, and
7 safekeeping. The forms prescribed for listing intangible property shall be designed
8 to secure a detailed list to provide convenient checking of valuations with available
9 sources of information, and to safeguard the confidential character of the intangible
10 property assessment.
- 11 (2) The department~~[cabinet]~~ may confer with, advise and direct local officials
12 respecting their duties relating to taxation, and shall supervise the officials in the
13 performance of those duties. The department~~[cabinet]~~ shall provide to the property
14 valuation administrators up-to-date appraisal manuals outlining uniform procedures
15 for appraising all types of real and personal property assessed by them. The property
16 valuation administrators shall follow the uniform procedures for appraising property
17 outlined in these manuals. The department~~[cabinet]~~ shall maintain and make
18 accessible to all property valuation administrators a statewide commercial real
19 property comparative sales file. The department~~[cabinet]~~, by authorized agents,
20 may visit local governmental units and officers for investigational purposes, when
21 necessary.
- 22 (3) The Department of Revenue~~[Cabinet]~~ shall conduct a biennial performance audit
23 of each property valuation administrator's office. This audit shall include, but shall
24 not be limited to, an inspection of maps and records, an appraisal study of real
25 property, and an evaluation of the overall effectiveness of the office. Each property
26 valuation administrator's office shall provide the department~~[cabinet]~~ with access to
27 its files, maps and records during the audit. The department~~[cabinet]~~ shall prepare a

1 report on assessment equity and quality for each county based on the performance
2 audit, and shall provide a copy to the Legislative Research Commission.

- 3 (4) The department~~[cabinet]~~ shall arrange for an annual conference of the property
4 valuation administrators, or the county officers whose duty it is to assess property
5 for taxation, to give them systematic instruction in the fair and just valuation and
6 assessment of property, and their duty in connection therewith. The conference shall
7 continue not more than five (5) days. The officers shall attend and take part in the
8 conference, unless prevented by illness or other reason satisfactory to the
9 commissioner~~[secretary]~~. Any officer willfully failing to attend the conference may
10 be removed from office by the Circuit Court of the county where he was elected. If
11 the officer participates in all sessions of the conference, one-half (1/2) of his actual
12 and necessary expenses in attending the conference shall be paid by the state, and
13 the other half shall be paid by the county from which he attends. Each officer shall
14 prepare an itemized statement showing his actual and necessary expenses, and if it
15 is found regular and supported by proper receipts it shall be approved by the
16 department~~[cabinet]~~ before payment.

17 Section 116. KRS 131.150 is amended to read as follows:

- 18 (1) When the Department of Revenue~~[Cabinet]~~ reasonably believes that any taxpayer
19 has withdrawn from the state or concealed his assets or a material part thereof so as
20 to hinder or evade the assessment or collection of taxes, or has desisted from any
21 taxable activity in the state, or has become domiciled elsewhere, or has departed
22 from this state with fraudulent intent to hinder or evade the assessment or collection
23 of taxes, or has done any other act tending to render partly or wholly ineffective
24 proceedings to assess or collect any such taxes, or contemplates doing any of these
25 acts in the immediate future, or that any tax claim for any other reason is being
26 endangered, such tax liability shall become due and payable immediately upon
27 assessment or determination of the amount of taxes due, as authorized in this

1 section.

2 (2) Under any of the circumstances set out in subsection (1) of this section, the
 3 department~~{cabinet}~~ may make a tentative assessment or determination of the taxes
 4 due, and may proceed immediately to bring garnishment, attachment or any other
 5 legal proceedings to collect the taxes so assessed or determined to be due.
 6 Notwithstanding the provisions of KRS 131.180(1), if the tax so assessed is due to
 7 the failure of the taxpayer to file a required tax return a minimum penalty of one
 8 hundred dollars (\$100) shall be assessed unless the taxpayer demonstrates that the
 9 failure to file was due to reasonable cause as defined in KRS 131.010(9). This
 10 penalty shall be applicable whether or not any tax is determined to be due on a
 11 subsequently filed return or if the subsequently filed return results in a refund. No
 12 bond shall be required of the department~~{cabinet}~~ in such proceedings. The
 13 taxpayer may stay legal proceedings by filing a bond in an amount sufficient in the
 14 opinion of the department~~{cabinet}~~ to cover the taxes, penalties, interest, and costs.
 15 If no legal proceedings have been instituted, the department~~{cabinet}~~ may require a
 16 bond adequate to cover all taxes, penalties, and interest. On making bond, exception
 17 to the assessment or determination of tax liability may be filed in the same manner
 18 and time as provided in KRS 131.110. If no exceptions are filed to the tentative
 19 assessment or determination, it shall become final.

20 (3) The department~~{cabinet}~~ may require any such taxpayer to file with it forthwith the
 21 reports required by law or regulation, or any additional reports or other information
 22 necessary to assess the property or determine the amount of tax due.

23 (4) If the department~~{cabinet}~~ fails to exercise the authority conferred by this section,
 24 such taxpayer shall report and pay all taxes due as otherwise provided by law.

25 Section 117. KRS 131.155 is amended to read as follows:

26 (1) As used in this section, the term "electronic fund transfer" means an electronic data
 27 processing medium that takes the place of a paper check for debiting or crediting an

1 account and of which a permanent record is made.

2 (2) Notwithstanding any statutory provisions to the contrary, the department{cabinet}
 3 may require any person who is required to collect or remit taxes and fees
 4 administered by the department{cabinet} or any person who acts on the taxpayer's
 5 behalf to remit those taxes and fees to the department{cabinet} by electronic fund
 6 transfer. The transfer shall be made on or before the date the tax is due using the
 7 debit method or other means as prescribed by the department{cabinet} by the
 8 promulgation of an administrative regulation. The department{cabinet} may permit
 9 the filing of the tax return following the date of the tax payment. Payment by
 10 electronic fund transfer may be required if:

- 11 (a) The average payment per reporting period is ten thousand dollars (\$10,000) or
 12 more for each tax or fee required to be collected or remitted;
- 13 (b) The payment for each tax or fee required to be collected or remitted is made
 14 on behalf of one hundred (100) or more taxpayers; or
- 15 (c) The aggregate of the funds to be remitted on behalf of others is ten thousand
 16 dollars (\$10,000) or more for each tax or fee required to be collected or
 17 remitted.

18 (3) The department{cabinet} shall promulgate administrative regulations establishing
 19 electronic fund transfer requirements for the payment of taxes and fees administered
 20 by the department{cabinet}.

21 (4) The department{cabinet} may waive the requirement that a qualifying taxpayer
 22 remit the payment by electronic fund transfer if the taxpayer is unable to remit funds
 23 electronically.

24 (5) Taxpayers and any other persons who are required to collect or remit taxes
 25 administered by the department{cabinet} by electronic fund transfer shall be entitled
 26 to receive refunds for any overpayment of taxes or fees, on or after July 1, 2001, by
 27 electronic fund transfer.

1 Section 118. KRS 131.160 is amended to read as follows:

2 If any taxpayer required to make bond for the payment of taxes fails to pay the taxes when
 3 due, the department~~[cabinet]~~ shall notify him and his surety by mailing notice to their last
 4 known addresses. If, after expiration of a reasonable time from the date of the notice, the
 5 amount due remains unpaid, the commissioner~~[secretary]~~ shall proceed by suit to collect
 6 the amount due, including the penalties, interest and costs. The defaulting taxpayer need
 7 not be made a party to any suit brought against his surety.

8 Section 119. KRS 131.170 is amended to read as follows:

9 The Department of Revenue~~[Cabinet]~~ may, when extension is not otherwise provided
 10 for, grant a reasonable extension of time for filing reports or returns whenever, in its
 11 judgment, good cause therefor exists. The department~~[cabinet]~~ shall keep a record of
 12 such extensions. Except where a taxpayer is abroad, no extension shall be granted for
 13 more than six (6) months, and in no case for more than one (1) year. If any extension
 14 operates to postpone a tax payment, interest at the tax interest rate as defined in KRS
 15 131.010(6) shall be collected. The department~~[cabinet]~~ may condition the extension upon
 16 a bond sufficient to cover any tax and penalty determined to be due. The
 17 department~~[cabinet]~~ may, on request, permit a person to file a tax return or report or pay
 18 tax on a date other than that prescribed by statute, or to change the fiscal period covered
 19 by such return or report, if the variation will not ultimately effect a reduction in revenue.

20 Section 120. KRS 131.175 is amended to read as follows:

21 Notwithstanding any other provisions of KRS Chapters 131 to 143A, for all taxes payable
 22 directly to the Department of Revenue~~[Cabinet]~~, the sheriff or the county clerk, the
 23 commissioner~~[secretary]~~ shall have authority to waive the penalty, but not interest, where
 24 it is shown to the satisfaction of the department~~[cabinet]~~ that failure to file or pay timely
 25 is due to reasonable cause.

26 Section 121. KRS 131.180 is amended to read as follows:

27 The provisions of this section shall be known as the "Uniform Civil Penalty Act."

1 Penalties to be assessed in accordance with this section shall apply as follows unless
2 otherwise provided by law:

3 (1) Any taxpayer who files any return or report after the due date prescribed for filing
4 or the due date as extended by the department~~{cabinet}~~ shall, unless it is shown to
5 the satisfaction of the department~~{cabinet}~~ that the failure is due to reasonable
6 cause, pay a penalty equal to two percent (2%) of the total tax due for each thirty
7 (30) days or fraction thereof that the report or return is late. The total penalty levied
8 pursuant to this subsection shall not exceed twenty percent (20%) of the total tax
9 due; however, the penalty shall not be less than ten dollars (\$10).

10 (2) Any taxpayer who fails to withhold or collect any tax as required by law, fails to
11 pay the tax computed due on a return or report on or before the due date prescribed
12 for it or the due date as extended by the department~~{cabinet}~~ or, excluding
13 underpayments determined pursuant to subsections (2) and (3) of KRS 141.990,
14 fails to have timely paid at least seventy-five percent (75%) of the tax determined
15 due by the department~~{cabinet}~~ shall, unless it is shown to the satisfaction of the
16 department~~{cabinet}~~ that the failure is due to reasonable cause, pay a penalty equal
17 to two percent (2%) of the tax not withheld, collected, or timely paid for each thirty
18 (30) days or fraction thereof that the withholding, collection, or payment is late. The
19 total penalty levied pursuant to this subsection shall not exceed twenty percent
20 (20%) of the tax not timely withheld, collected, or paid; however, the penalty shall
21 not be less than ten dollars (\$10).

22 (3) Any taxpayer who fails to pay any installment of estimated tax by the time
23 prescribed in KRS 141.044 and 141.305 or who, pursuant to subsections (2) or (3)
24 of KRS 141.990, is determined to have a declaration underpayment shall, unless it
25 is shown to the satisfaction of the department~~{cabinet}~~ that the failure or
26 underpayment is due to reasonable cause, pay a penalty equal to ten percent (10%)
27 of the amount of the underpayment or late payment; however, the penalty shall not

- 1 be less than twenty-five dollars (\$25).
- 2 (4) If any taxpayer fails or refuses to make and file a report or return or furnish any
3 information requested in writing by the department~~{cabinet}~~, the
4 department~~{cabinet}~~ may make an estimate of the tax due from any information in
5 its possession, assess the tax at not more than twice the amount estimated to be due,
6 and add a penalty equal to five percent (5%) of the tax assessed for each thirty (30)
7 days or fraction thereof that the return or report is not filed. The total penalty levied
8 pursuant to this subsection shall not exceed fifty percent (50%) of the tax assessed;
9 however, the penalty shall not be less than one hundred dollars (\$100) unless the
10 taxpayer demonstrates that the failure to file was due to reasonable cause as defined
11 in KRS 131.010(9). This penalty shall be applicable whether or not any tax is
12 determined to be due on a subsequently filed return or if the subsequently filed
13 return results in a refund.
- 14 (5) If any taxpayer fails or refuses to pay within forty-five (45) days of the due date any
15 tax assessed by the department~~{cabinet}~~ which is not protested in accordance with
16 KRS 131.110, there shall be added a penalty equal to two percent (2%) of the
17 unpaid tax for each thirty (30) days or fraction thereof that the tax is final, due, and
18 owing, but not paid.
- 19 (6) Any taxpayer who fails to obtain any identification number, permit, license, or other
20 document of authority from the department~~{cabinet}~~ within the time required by
21 law shall, unless it is shown to the satisfaction of the department~~{cabinet}~~ that the
22 failure is due to reasonable cause, pay a penalty equal to ten percent (10%) of any
23 cost or fee required to be paid for the identification number, permit, license, or other
24 document of authority; however, the penalty shall not be less than fifty dollars
25 (\$50).
- 26 (7) If any tax assessed by the department~~{cabinet}~~ is the result of negligence by a
27 taxpayer or other person, a penalty equal to ten percent (10%) of the tax so assessed

- 1 shall be paid by the taxpayer or other person who was negligent.
- 2 (8) If any tax assessed by the department~~[cabinet]~~ is the result of fraud committed by
3 the taxpayer or other person, a penalty equal to fifty percent (50%) of the tax so
4 assessed shall be paid by the taxpayer or other person who committed fraud.
- 5 (9) If any check tendered to the department~~[cabinet]~~ is not paid when presented to the
6 drawee bank for payment, there shall be paid as a penalty by the taxpayer who
7 tendered the check, upon notice and demand of the department~~[cabinet]~~, an amount
8 equal to ten percent (10%) of the check. The penalty under this section shall not be
9 less than ten dollars (\$10) nor more than one hundred dollars (\$100). If the taxpayer
10 who tendered the check shows to the department's~~[cabinet's]~~ satisfaction that the
11 failure to honor payment of the check resulted from error by parties other than the
12 taxpayer, the department~~[cabinet]~~ shall waive the penalty.
- 13 (10) Any person who fails to make any tax report or return or pay any tax within the
14 time, or in the manner required by law, for which a specific civil penalty is not
15 provided by law, shall pay a penalty as provided in this section, with interest from
16 the date due at the tax interest rate as defined in KRS 131.010(6).
- 17 (11) The penalties levied pursuant to subsection (5) of this section shall apply to any tax
18 assessment protested pursuant to KRS 131.110 to the extent that any appeal of the
19 assessment or portion of it is ruled by the Kentucky Board of Tax Appeals or, if
20 appealed from, the court of last resort, as not protested, appealed, or pursued in
21 good faith by the taxpayer.
- 22 (12) Nothing in this section shall be construed to prevent the assessment or collection of
23 more than one (1) of the penalties levied under this section or any other civil or
24 criminal penalty provided for violation of the law for which penalties are imposed.
- 25 (13) All penalties levied pursuant to this section shall be assessed, collected, and paid in
26 the same manner as taxes. Any corporate officer or other person who becomes liable
27 for payment of any tax assessed by the department~~[cabinet]~~ shall likewise be liable

1 for all penalties and interest applicable thereto.

2 Section 122. KRS 131.181 is amended to read as follows:

- 3 (1) Whenever it is determined that a taxpayer, who holds a license to mine coal in
 4 Kentucky under KRS 351.175, is a "delinquent taxpayer" as defined in subsection
 5 (3) of this section, the Department of Revenue~~Cabinet~~ shall, after giving notice
 6 as provided in subsection (4) of this section, submit the name of the taxpayer to the
 7 Department of Mines and Minerals for revocation of the license issued under KRS
 8 351.175.
- 9 (2) If it is determined that a person who is an agent, contract miner, or delegate of a
 10 delinquent taxpayer as defined in subsection (3) holds a license to mine coal for the
 11 delinquent taxpayer in Kentucky under KRS 351.175, the Department of Revenue~~Cabinet~~
 12 shall, after giving notice as provided in subsection (4) of this section,
 13 submit the name of the agent, contract miner, or delegate to the Department of
 14 Mines and Minerals for revocation of the license issued under KRS 351.175 to mine
 15 coal for the delinquent taxpayer.
- 16 (3) Any of the following situations is sufficient to cause a taxpayer to be classified as a
 17 "delinquent taxpayer" for purposes of this section:
- 18 (a) When a taxpayer has an overdue state tax liability arising directly or indirectly
 19 from the mining, transportation, or processing of coal, for which all protest
 20 and appeal rights granted by law have expired and has been contacted by the
 21 department~~cabinet~~ concerning the overdue tax liability. This does not
 22 include a taxpayer who is making current timely installment payments on the
 23 overdue tax liability under agreement with the department~~cabinet~~.
- 24 (b) When a taxpayer has not filed a required tax return as of thirty (30) days after
 25 the due date or after the extended due date, and has been contacted by the
 26 department~~cabinet~~ concerning the delinquent return. This applies only to tax
 27 returns required as the result of the taxpayer's involvement in the mining,

1 transportation, or processing of coal.

2 (c) When an owner, partner, or corporate officer of a proprietorship, partnership,
3 or corporation holding a license under KRS 351.175, held a similar position in
4 a business whose license was revoked as a "delinquent taxpayer", and the tax
5 liability remains unpaid.

6 (4) At least twenty (20) days in advance of submitting a taxpayer's name to the
7 Department of Mines and Minerals as provided in subsection (1) or (2) of this
8 section, the department~~[cabinet]~~ shall notify the taxpayer by certified mail that the
9 action is to be taken. The notice shall state the reason for the action and shall set out
10 the amount of any tax liability including any applicable penalties and interest and
11 any other area of noncompliance which must be satisfied in order to prevent the
12 submission of his name to the Department of Mines and Minerals as a "delinquent
13 taxpayer."

14 (5) If it is determined that an applicant for a license to mine coal under the provisions
15 of KRS 351.175 is a delinquent taxpayer as defined in subsection (3) of this section,
16 or is an agent, contract miner, or delegate of a delinquent taxpayer, the Department
17 of Mines and Minerals shall refuse a mine license to the applicant.

18 Section 123. KRS 131.1815 is amended to read as follows:

19 (1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter
20 243, is a delinquent taxpayer as defined in subsection (2) of this section, the
21 department~~[cabinet]~~ may, after giving notice as provided in subsection (3) of this
22 section, submit the name of the taxpayer to the Department of Alcoholic Beverage
23 Control for revocation of any license issued under KRS Chapter 243.

24 (2) Any of the following situations shall be sufficient to cause a taxpayer to be
25 classified as a "delinquent taxpayer" for purposes of this section:

26 (a) When a taxpayer has an overdue state tax liability arising directly or indirectly
27 from the manufacture, sale, transportation, or distribution of alcoholic

1 beverages, for which all protest and appeal rights granted by law have expired,
 2 and the taxpayer has been contacted by the department~~[cabinet]~~ concerning
 3 the overdue tax liability. This does not include a taxpayer who is making
 4 current timely installment payments on the overdue tax liability under
 5 agreement with the department~~[cabinet]~~.

6 (b) When a taxpayer has not filed a required tax return as of ninety (90) days after
 7 the due date or after the extended due date, and the taxpayer has been
 8 contacted by the department~~[cabinet]~~ concerning the delinquent return.

9 (c) When an owner, partner, or corporate officer of a proprietorship, partnership,
 10 or corporation holding a license under KRS Chapter 243 held a similar
 11 position in a business whose license was revoked as a "delinquent taxpayer,"
 12 and the tax liability remains unpaid as of ninety (90) days after the due date.

13 (3) At least twenty (20) days before submitting a taxpayer's name to the Department of
 14 Alcoholic Beverage Control as provided in subsection (1) of this section, the
 15 department~~[cabinet]~~ shall notify the taxpayer by certified mail that the action is to
 16 be taken. The notice shall state the reason for the action and shall set out the amount
 17 of any tax liability including any applicable penalties and interest and any other area
 18 of noncompliance that must be satisfied in order to prevent the submission of his
 19 name to the Department of Alcoholic Beverage Control as a delinquent taxpayer.

20 Section 124. KRS 131.183 is amended to read as follows:

21 (1) All taxes payable to the Commonwealth not paid at the time prescribed by statute
 22 shall accrue interest at the tax interest rate. The tax interest rate for tax liabilities
 23 that are assessed on or after July 1, 1982, shall be sixteen percent (16%). This tax
 24 interest rate shall apply until January 1, 1983, when the tax interest rate shall be
 25 adjusted as provided in this section. The commissioner~~[secretary]~~ of revenue shall
 26 adjust the tax interest rate not later than November 15 of any year, beginning in
 27 1982, if the adjusted prime rate charged by banks during October of that year,

rounded to the nearest full percent, is at least one (1) percentage point more or less than the tax interest rate which is then in effect. The tax interest rate shall be equal to the adjusted prime rate charged by banks rounded to the nearest full percent, and shall become effective on January 1 of the immediately succeeding year.

(2) Interest shall be allowed and paid upon any overpayment in respect of any of the taxes provided for in Chapters 131, 132, 134, 136, 137, 138, 139, 140, 141, 142, 143, 143A, and 243 of the Kentucky Revised Statutes at the rate provided in subsection (1) above. Except for the provisions of KRS 138.351, 141.044(2), 141.235(3), and subsection (3) of this section, interest authorized under this subsection shall begin to accrue sixty (60) days after the due date of the return or the date the tax was paid, whichever is later, and in no case shall interest be paid in an amount less than five dollars (\$5).

(3) Effective for refund claims filed on or after July 15, 1992, if any overpayment of the tax imposed under KRS Chapter 141 results from a carryback of a net operating loss or a net capital loss, the overpayment shall be deemed to have been made on the date the claim for refund was filed. Interest authorized under subsection (2) of this section shall begin to accrue ninety (90) days from the date the claim for refund was filed.

(4) No interest shall be allowed or paid on any sales tax refund as provided by KRS 139.536.

Section 125. KRS 131.185 is amended to read as follows:

Income tax returns shall be kept for five (5) years; primary accounting records of tax payments, seven (7) years; and records containing all data of motor vehicle registration, three (3) years. Records of the department~~[cabinet]~~ which are not required by this section or other statutory provisions to be preserved for a fixed period may be kept or disposed of according to the discretion of the department~~[cabinet]~~.

Section 126. KRS 131.190 is amended to read as follows:

1 (1) No present or former commissioner~~[secretary]~~ or employee of the Department of
 2 Revenue~~[Cabinet]~~, present or former member of a county board of assessment
 3 appeals, present or former property valuation administrator or employee, present or
 4 former secretary or employee of the Finance and Administration Cabinet, former
 5 secretary or employee of the Revenue Cabinet, or any other person, shall
 6 intentionally and without authorization inspect or divulge any information acquired
 7 by him of the affairs of any person, or information regarding the tax schedules,
 8 returns, or reports required to be filed with the department~~[cabinet]~~ or other proper
 9 officer, or any information produced by a hearing or investigation, insofar as the
 10 information may have to do with the affairs of the person's business. This
 11 prohibition does not extend to information required in prosecutions for making false
 12 reports or returns of property for taxation, or any other infraction of the tax laws,
 13 nor does it extend to any matter properly entered upon any assessment record, or in
 14 any way made a matter of public record, nor does it preclude furnishing any
 15 taxpayer or his properly authorized agent with information respecting his own
 16 return. Further, this prohibition does not preclude the commissioner~~[secretary]~~ or
 17 any employee of the Department of Revenue~~[Cabinet]~~ from testifying in any court,
 18 or from introducing as evidence returns or reports filed with the
 19 department~~[cabinet]~~, in an action for violation of state or federal tax laws or in any
 20 action challenging state or federal tax laws. The commissioner~~[secretary]~~ or the
 21 commissioner's~~[secretary's]~~ designee may provide an owner of unmined coal, oil or
 22 gas reserves, and other mineral or energy resources assessed under KRS 132.820(1),
 23 or owners of surface land under which the unmined minerals lie, factual information
 24 about the owner's property derived from third-party returns filed for that owner's
 25 property, under the provisions of KRS 132.820(2), that is used to determine the
 26 owner's assessment. This information shall be provided to the owner on a
 27 confidential basis, and the owner shall be subject to the penalties provided in KRS

1 131.990(2). The third-party filer shall be given prior notice of any disclosure of
2 information to the owner that was provided by the third-party filer.

3 (2) The commissioner~~[secretary]~~ shall make available any information for official use
4 only and on a confidential basis to the proper officer, agency, board or commission
5 of this state, any Kentucky county, any Kentucky city, any other state, or the federal
6 government, under reciprocal agreements whereby the department~~[cabinet]~~ shall
7 receive similar or useful information in return.

8 (3) Statistics of tax-paid gasoline gallonage reported monthly to the Department of
9 Revenue~~[Cabinet]~~ under the gasoline excise tax law may be made public by the
10 department~~[cabinet]~~.

11 (4) Access to and inspection of information received from the Internal Revenue
12 Service is for Department of Revenue use only, and is restricted to tax
13 administration purposes. Notwithstanding the provisions of this section to the
14 contrary, information received from the Internal Revenue Service shall not be made
15 available to any other agency of state government, or any county, city, or other state,
16 and shall not be inspected intentionally and without authorization by any present
17 secretary or employee of the Finance and Administration Cabinet,
18 commissioner~~[secretary]~~ or employee of the Department of Revenue~~[Cabinet]~~, or
19 any other person.

20 (5) Statistics of crude oil as reported to the Department of Revenue~~[Cabinet]~~ under the
21 crude oil excise tax requirements of KRS Chapter 137 and statistics of natural gas
22 production as reported to the Department of Revenue~~[Cabinet]~~ under the natural
23 resources severance tax requirements of KRS Chapter 143A may be made public by
24 the department~~[cabinet]~~ by release to the Department of Mines and Minerals.

25 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
26 submissions for the 1989 tax year, the department~~[cabinet]~~ may make public or
27 divulge only those portions of mine maps submitted by taxpayers to the

1 department~~[cabinet]~~ pursuant to KRS Chapter 132 for ad valorem tax purposes that
 2 depict the boundaries of mined-out parcel areas. These electronic maps shall not be
 3 relied upon to determine actual boundaries of mined-out parcel areas. Property
 4 boundaries contained in mine maps required under KRS Chapters 350 and 352 shall
 5 not be construed to constitute land surveying or boundary surveys as defined by
 6 KRS 322.010 and any administrative regulations promulgated thereto.

7 Section 127. KRS 131.191 is amended to read as follows:

8 The Department of Revenue~~[Cabinet]~~ shall not enter into any contract with the
 9 Department of Corrections, the United States Government, any local government, or any
 10 private contractor operating a correctional institution on behalf of the Department of
 11 Corrections, the United States Government, or any local government for the use or
 12 employment of prisoners in any capacity that allows prisoners access to taxpayer
 13 information, including, but not limited to, tax returns, informational reporting returns,
 14 social security numbers, telephone numbers, or addresses.

15 Section 128. KRS 131.192 is amended to read as follows:

16 Whenever it becomes necessary within the discretion of the commissioner~~[secretary]~~ of
 17 revenue to photostat, duplicate, publish or supply for the use and benefit of persons or
 18 agencies, other than agencies of state government, information contained in official
 19 records of the Department of Revenue~~[Cabinet]~~, whose contents are not confidential
 20 according to law, the Department of Revenue~~[Cabinet]~~ is hereby authorized to photostat,
 21 duplicate or publish the said information and supply the same to the requesting person or
 22 agency. For such services the department~~[cabinet]~~ may charge a fee which will be
 23 adequate to cover the expenses of photostating, duplicating or publishing such
 24 information and any expense incidental to supplying the same.

25 Section 129. KRS 131.194 is amended to read as follows:

26 All money received by the Department of Revenue~~[Cabinet]~~, for supplying to persons or
 27 agencies other than state agencies information which is contained in the official files of

1 the department~~[cabinet]~~, shall be promptly deposited with the State Treasurer in the same
 2 manner as provided by law for other deposits. The amount of money so deposited shall be
 3 treated as a reimbursement to the appropriation of the Department of Revenue~~[Cabinet]~~
 4 from which the disbursements were made for expenses incurred in performing the
 5 services authorized by KRS 131.192.

6 Section 130. KRS 131.205 is amended to read as follows:

- 7 (1) Any field representative of the Department of Revenue~~[Cabinet]~~ who is authorized
 8 to collect taxes or money due the Commonwealth may deposit to his special account
 9 as field representative of the department~~[cabinet]~~ any money so collected in a state
 10 or national bank in this Commonwealth.
- 11 (2) He shall within forty-eight (48) hours after making such deposits draw a check or
 12 checks payable to the State Treasurer for the full amount of the deposit and mail
 13 same to the department~~[cabinet]~~ or transmit same in a manner approved by the
 14 department~~[cabinet]~~. Nothing in this section shall be construed as authorizing any
 15 field representative of the department~~[cabinet]~~ to enforce or cash, even for the
 16 purpose of a deposit, any check or other instrument of value payable to the
 17 Commonwealth or any agency thereof.
- 18 (3) Deposits shall be made in such banks as the department~~[cabinet]~~ may by regulation
 19 designate, and subject to such further conditions as the department~~[cabinet]~~ may
 20 prescribe. Any reasonable service charges made by the bank may be paid by the
 21 department~~[cabinet]~~ from its appropriation as other claims against it are paid.

22 Section 131. KRS 131.210 is amended to read as follows:

23 Any field agent, accountant or attorney, when authorized in writing by the
 24 commissioner~~[secretary]~~ of revenue, may investigate the accounts, books and records of
 25 all officers whose duty it is to receive or collect money due the state, county, school
 26 district or other taxing district, and report to the commissioner~~[secretary]~~ all delinquent
 27 officers and the amounts collected by them which they have failed to pay into the State

1 Treasury, or into the treasury of the county, school district or other taxing district. Every
 2 such field agent, accountant or attorney shall report to the fiscal court of the county all
 3 delinquent officers and the amounts owing by them to the county and all amounts which
 4 such officers should have collected and which they failed to collect, and the person owing
 5 same. Every field agent, accountant or attorney shall report all excessive charges made by
 6 such officers, and shall report all officers who have received or retained a greater sum for
 7 their services or the services of their deputies than is allowed by law. Every field agent,
 8 accountant or attorney shall report all other facts by which any taxing authority is being
 9 unlawfully deprived of any money, and any other facts that he deems important touching
 10 the interest of any taxing authority, or of which the commissioner~~secretary~~ of revenue,
 11 county attorney, county judge/executive or fiscal court may require information.

12 Section 132. KRS 131.320 is amended to read as follows:

- 13 (1) Each member of the Kentucky Board of Tax Appeals shall be a person at least
 14 thirty-five (35) years of age. One (1) member shall be an attorney with the
 15 qualifications required of candidates for Circuit Judge. The other two (2) members
 16 shall be persons with a general business background except that not all of the
 17 members shall be of the same occupation or profession.
- 18 (2) The Governor may remove any member of the board for cause after giving him an
 19 opportunity for a hearing conducted in accordance with KRS Chapter 13B. If a
 20 member of the board is removed, the Governor shall file in the office of the
 21 Secretary of State a copy of the final order in the proceeding.
- 22 (3) The members of the board shall receive an annual salary to be fixed by the
 23 Governor.
- 24 (4) The principal office of the board shall be at Frankfort, Kentucky. A majority of the
 25 board may hold hearings outside of Frankfort or as provided in KRS 131.355(2),
 26 with a view to securing opportunity to taxpayers to appear before it with as little
 27 inconvenience and expense as practicable. The office of the board shall be open

1 during regular working hours for the conduct of its business.

2 (5) The chairman of the Board of Tax Appeals shall conduct an orientation and training
3 session for each new member of the board. The chairman of the Board of Tax
4 Appeals shall conduct an annual seminar for all three (3) members of the board to
5 discuss new legislation, pertinent court decisions, and department~~[cabinet]~~ policies
6 and procedures.

7 Section 133. KRS 131.340 is amended to read as follows:

8 (1) The Kentucky Board of Tax Appeals is hereby vested with exclusive jurisdiction to
9 hear and determine appeals from final rulings, orders, and determinations of any
10 agency of state or county government affecting revenue and taxation.
11 Administrative hearings before the Kentucky Board of Tax Appeals shall be de
12 novo and conducted in accordance with KRS Chapter 13B.

13 (2) Any state or county agency charged with the administration of any taxing or
14 licensing measure which is under the jurisdiction of the board shall mail by certified
15 mail notice of its ruling, order, or determination within three (3) working days from
16 the date of the decision.

17 (3) Any party, including the Attorney General, on behalf of the Commonwealth,
18 aggrieved by any ruling, order, or determination of any state or county agency
19 charged with the administration of any taxing or licensing measure, may prosecute
20 an appeal to the board by filing a complaint or petition of appeal before the board
21 within thirty (30) days from the date of the mailing of the agency's ruling, order, or
22 determination.

23 (4) If the Department of Revenue~~[Cabinet]~~ is aggrieved by the decision of any county
24 board of assessment appeals on an assessment recommended by the
25 department~~[cabinet]~~ and prosecutes an appeal to the Kentucky Board of Tax
26 Appeals as authorized in subsection (3) of this section, the commissioner~~[secretary]~~
27 of revenue shall, within twenty (20) days, certify in writing to the Kentucky Board

1 of Tax Appeals the assessment recommended.

2 (5) The Kentucky Board of Tax Appeals shall immediately forward copies of the
3 certification to the parties to the appeal. The assessed value shall be prima facie
4 evidence of the value at which the property should be assessed.

5 Section 134. KRS 131.355 is amended to read as follows:

6 (1) All proceedings before the board shall be officially reported and all records of
7 proceedings shall be public records, except in cases of appeals of unmined mineral
8 assessments where the records before the board include information provided to the
9 Department of Revenue~~[Cabinet]~~ by the taxpayer or its lessees, and were generated
10 at the taxpayer's expense. Furthermore, no recorded or transcribed testimony
11 concerning these records shall be considered a public record. Examples of these
12 records would include, but are not limited to, mineral exploration records;
13 photographs; core data information; maps whether acquired for ownership
14 information, for coal seam thickness, for depletion by mining or otherwise; and/or
15 records calculating production or reserves, leased and/or unleased. Neither records
16 containing confidential information nor testimony concerning same shall be
17 disclosed to parties outside the appeals proceedings. A protective order shall be
18 entered and shall remain in effect during the entire appeals process, including
19 appeals to the courts, and thereafter, preventing the parties, their agents and
20 representatives, except the taxpayer, from disclosing the information.

21 (2) All appeals to the Kentucky Board of Tax Appeals shall be heard by the full board,
22 but one (1) member or a hearing officer may be authorized to hear an individual
23 appeal. The final order in any appeal heard by a single member or a hearing officer
24 shall be made and entered by a majority of the board.

25 Section 135. KRS 131.400 is amended to read as follows:

26 (1) KRS 131.410 to 131.445 shall be known as and may be cited as the "Kentucky Tax
27 Amnesty Act."

- 1 (2) The Department of Revenue~~[Cabinet]~~ shall develop and administer a tax amnesty
2 program as provided in KRS 131.410 to 131.445.
- 3 (3) As used in KRS 131.410 to 131.445, unless the context requires otherwise:
- 4 (a) "Department~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.
- 5 (b) "Taxpayer" means any individual, partnership, joint venture, association,
6 corporation, receiver, trustee, guardian, executor, administrator, fiduciary,
7 limited liability company, limited liability partnership, or any other entity of
8 any kind subject to any tax set forth in subsection (4) of this section or any
9 person required to collect any such tax under subsection (4) of this section.
- 10 (c) "Account receivable" means an amount of state tax, penalty, fee, or interest
11 which has been recorded as due and entered in the account records of the
12 department~~[cabinet]~~, or which the taxpayer should reasonably expect to
13 become due as a direct or indirect result of any pending or completed audit or
14 investigation which the taxpayer knows is being conducted by any
15 governmental taxing authority, federal, state, or local.
- 16 (d) "Due and owing" means an assessment which has become final and is owed to
17 the Commonwealth due to either the expiration of the taxpayer's appeal rights
18 pursuant to KRS 131.110 or, if an assessment has been appealed to the board
19 of tax appeals, the rendition of a final order by the board or by any court of
20 this Commonwealth. For the purposes of KRS 131.410 to 131.445,
21 assessments that have been appealed to the board of tax appeals shall be final,
22 due and owing fifteen (15) days after the last unappealed or unappealable
23 order sustaining the assessment or any part thereof has become final.
- 24 (4) Notwithstanding the provisions of any other law to the contrary, the tax amnesty
25 program shall be conducted by the department~~[cabinet]~~ during the fiscal year
26 ending June 30, 2003, for a period of not less than sixty (60) days nor more than one
27 hundred and twenty (120) days and shall apply to all taxpayers owing taxes,

1 penalties, fees, or interest subject to the administrative jurisdiction of the
 2 department~~[cabinet]~~, with the exceptions of ad valorem taxes levied on real
 3 property pursuant to KRS Chapter 132, ad valorem taxes on motor vehicles and
 4 motorboats collected by the county clerks, and ad valorem taxes on personal
 5 property levied pursuant to KRS Chapter 132 that are payable to local officials. The
 6 program shall apply to tax liabilities for taxable periods ending or transactions
 7 occurring after December 1, 1987, but prior to December 1, 2001. Amnesty tax
 8 return forms shall be in a form prescribed by the department~~[cabinet]~~.

9 Section 136. KRS 131.410 is amended to read as follows:

10 (1) For any taxpayer who meets the requirements of KRS 131.420:

11 (a) For taxes which are owed as a result of the nonreporting or underreporting of
 12 tax liabilities or the nonpayment of any account receivable owed by an eligible
 13 taxpayer, the Commonwealth shall waive criminal prosecution and all civil
 14 penalties and fees which may be assessed under any KRS chapter subject to
 15 the administrative jurisdiction of the department~~[cabinet]~~ for the taxable years
 16 or periods for which tax amnesty is requested, plus all of the interest as
 17 provided in subsection (1) of KRS 131.425.

18 (b) With the exception of instances in which the taxpayer and
 19 department~~[cabinet]~~ enter into an installment payment agreement authorized
 20 under subsection (3) of KRS 131.420, The failure to pay all taxes as shown on
 21 the taxpayer's amnesty tax return shall invalidate any amnesty granted
 22 pursuant to KRS 131.410 to 131.445.

23 (2) This section shall not apply to any taxpayer who is on notice, written or otherwise,
 24 of a criminal investigation being conducted by an agency of the state or any political
 25 subdivision thereof or the United States, nor shall this section apply to any taxpayer
 26 who is the subject of any criminal litigation which is pending on the date of the
 27 taxpayer's application in any court of this state or the United States for nonpayment,

1 delinquency, evasion or fraud in relation to any federal taxes or to any of the taxes
2 to which this amnesty program is applicable.

3 (3) No refund or credit shall be granted for any interest, fee, or penalty paid prior to the
4 time the taxpayer requests amnesty pursuant to KRS 131.420.

5 (4) Unless the department~~[cabinet]~~ in its own discretion redetermines the amount of
6 taxes due, no refund or credit shall be granted for any taxes paid under the amnesty
7 program.

8 Section 137. KRS 131.420 is amended to read as follows:

9 (1) The provisions of KRS 131.400 to 131.445 shall apply to any eligible taxpayer who
10 files an application for amnesty within the time prescribed by the
11 department~~[cabinet]~~ and does the following:

12 (a) Files completed tax returns for all years or tax reporting periods as stated on
13 the application for which returns have not previously been filed and files
14 completed amended tax returns for all years or tax reporting periods as stated
15 on the application for which the tax liability was underreported, except in
16 cases in which the tax liability has been established through audit.

17 (b) Pays in full the taxes due for the periods and taxes applied for at the time the
18 application or amnesty tax returns are filed within the amnesty period and
19 pays the amount of any additional tax owed within thirty (30) days of
20 notification by the department~~[cabinet]~~.

21 (c) Pays in full within the amnesty period all taxes previously assessed by the
22 department~~[cabinet]~~ that are due and owing at the time the application or
23 amnesty tax returns are filed.

24 (2) An eligible taxpayer may participate in the amnesty program whether or not the
25 taxpayer is under audit, notwithstanding the fact that the amount due is included in
26 a proposed assessment or an assessment, bill, notice, or demand for payment issued
27 by the department~~[cabinet]~~, and without regard to whether the amount due is

1 subject to a pending administrative or judicial proceeding. An eligible taxpayer may
 2 participate in the amnesty program to the extent of the uncontested portion of any
 3 assessed liability. However, participation in the program shall be conditioned upon
 4 the taxpayer's agreement that the right to protest or initiate an administrative or
 5 judicial proceeding or to claim any refund of moneys paid under the program is
 6 barred with respect to the amounts paid with the application or amnesty returns.

7 (3) The department~~[cabinet]~~ may enter into an installment payment agreement as
 8 provided in KRS 131.081(9) in cases of severe hardship in lieu of the complete
 9 payment required under subsection (1) of this section. Failure of the taxpayer to
 10 make timely payments shall void the terms of the amnesty program. All such
 11 agreements and payments shall include interest as provided under subsection (2) of
 12 KRS 131.425.

13 (4) If, following the termination of the tax amnesty period, the department~~[cabinet]~~
 14 issues a deficiency assessment based upon information independent of that shown
 15 on a return filed pursuant to subsection (1) of this section, the department~~[cabinet]~~
 16 shall have the authority to impose penalties and criminal action may be brought
 17 where authorized by law only with respect to the difference between the amount
 18 shown on the amnesty tax return and the correct amount of tax due. The imposition
 19 of penalties or criminal action shall not invalidate any waiver granted under KRS
 20 131.410. With the exception of the cost of collection fee imposed under subsection
 21 (1) of KRS 131.440, all assessments issued by the department~~[cabinet]~~ under KRS
 22 131.410 to 131.445 may be protested by the taxpayer in the same manner as other
 23 assessments pursuant to the terms of this chapter.

24 Section 138. KRS 131.430 is amended to read as follows:

25 The department~~[cabinet]~~ shall promulgate administrative regulations as necessary, issue
 26 forms and instructions, and take all actions necessary to implement the provisions of KRS
 27 131.410 to 131.445. The department~~[cabinet]~~ shall extensively publicize the tax amnesty

1 program in order to maximize the public awareness of and participation in the program.

2 Section 139. KRS 131.440 is amended to read as follows:

3 (1) In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445,
4 and 131.990 and any other law, there is hereby imposed after the expiration of the
5 tax amnesty period the following cost of collection fees:

6 (a) A cost of collection fee of twenty-five percent (25%) on all taxes which are or
7 become due and owing to the department~~{cabinet}~~ for any reporting period,
8 regardless of when due. This fee shall be in addition to any other applicable
9 fee provided in this subsection;

10 (b) Taxes which are assessed and collected after the amnesty period for taxable
11 periods ending or transactions occurring prior to December 1, 2001, shall be
12 charged a cost of collection fee of twenty-five percent (25%) at the time of
13 assessment; and

14 (c) For any taxpayer who failed to file a return for any previous tax period for
15 which amnesty is available and fails to file the return during the amnesty
16 period, the cost of collection fee shall be fifty percent (50%) of any tax
17 deficiency assessed after the amnesty period.

18 (2) The commissioner~~{secretary}~~ of revenue shall have the right to waive any penalties
19 or collection fees when it is demonstrated that any deficiency of the taxpayer was
20 due to reasonable cause as defined in KRS 131.010(9). However, any taxes that
21 cannot be paid under the amnesty program because of the exclusions in subsection
22 (2) of KRS 131.410 shall not be subject to these fees.

23 (3) The provisions of subsection (1) of this section shall not relate to any account which
24 has been protested pursuant to KRS 131.110 as of the expiration of the amnesty
25 period and which does not become due and owing, or to any account on which the
26 taxpayer is remitting timely payments under a payment agreement negotiated with
27 the department~~{cabinet}~~ prior to or during the amnesty period.

- 1 (4) The fee levied under subsection (1) of this section shall not apply to taxes paid
 2 pursuant to the terms of the amnesty program nor shall the judgment penalty of
 3 twenty percent (20%) levied under KRS 135.060(3) apply in any case in which the
 4 fee levied under this section is applicable.

5 Section 140. KRS 131.445 is amended to read as follows:

- 6 (1) After the expiration of the tax amnesty period, the department~~[cabinet]~~ shall
 7 vigorously pursue all civil, administrative, and criminal penalties authorized by
 8 state and federal law for all taxes found to be due the Commonwealth.
- 9 (2) In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445,
 10 and 131.990 and any other law, any taxpayer who willfully fails to make a return or
 11 willfully makes a false return, or who willfully fails to pay taxes owing or collected,
 12 with intent to evade payment of the tax or amount collected, or any part thereof,
 13 shall be guilty of a Class D felony.

14 Section 141. KRS 131.500 is amended to read as follows:

- 15 (1) In addition to any other remedy provided by the laws of the Commonwealth, if any
 16 person has been assessed for a tax the collection of which is administered by the
 17 Department of Revenue~~[Cabinet]~~ as provided by the laws of the Commonwealth
 18 and if the person has not sought administrative or judicial review of the assessment
 19 as provided for in KRS 131.110, or if the person has sought but exhausted all
 20 administrative and judicial review so that the assessment is final, due, and owing,
 21 the commissioner~~[secretary]~~ of revenue or his delegate may cause a demand to be
 22 made on the person for the payment thereof. If the tax remains unpaid for thirty (30)
 23 days after the demand, the commissioner~~[secretary]~~ or his delegate may levy upon
 24 and sell all property and rights to property found within the Commonwealth
 25 belonging to the person or on which there is a lien provided by KRS 134.420,
 26 except the property that is exempt from an execution on a judgment in favor of the
 27 Commonwealth as provided in KRS Chapter 427, for the payment of the amount of

1 the tax, penalty, interest, and cost of the levy.

2 (2) As soon as practicable after seizure of property, notice in writing shall be given by
3 the commissioner[secretary] or his delegate to the owner of the property. The notice
4 shall be given to the owner either in person or by certified mail to his last known
5 address. The notice shall specify the sum demanded and shall contain, in the case of
6 personal property, an account of the property seized and, in the case of real
7 property, a description with reasonable certainty of the property seized.

8 (3) The commissioner[secretary] or his delegate shall as soon as practicable after the
9 seizure of the property cause a notification of the sale of the seized property to be
10 published in the newspaper with the largest circulation within the county wherein
11 such seizure is made. The notice shall be published once each week for three (3)
12 successive weeks. In addition, the notice shall be posted at the courthouse and three
13 (3) other public places in the county where the seizure is made for fifteen (15) days
14 next preceding sale. The notice shall specify the property to be sold, and the time,
15 place, manner, and condition of the sale thereof.

16 (4) If any property liable to levy is not divisible, so as to enable the
17 commissioner[secretary] or his delegate by sale of a part thereof to raise the whole
18 amount of the tax, penalty, interest, and cost of the levy, the whole of the property
19 shall be sold.

20 (5) The time of sale shall not be less than thirty (30) nor more than ninety (90) days
21 from the time the seizure is made. The place of sale shall be within the county in
22 which the property is seized, except by special order of the
23 commissioner[secretary].

24 (6) The sale shall not be conducted in any manner other than by public auction, or by
25 public sale under sealed bids. In the case of the seizure of several items of property,
26 the commissioner[secretary] or his delegate may offer the items for sale separately,
27 in groups, or in the aggregate and accept whichever method produces the highest

1 aggregate amount.

2 (7) The commissioner~~[secretary]~~ or his delegate shall determine whether payment in
3 full shall be required at the time of acceptance of a bid, or whether a part of the
4 payment may be deferred for such period, not to exceed one (1) month, as he may
5 determine to be appropriate. If payment in full is required at the time of acceptance
6 of a bid and is not then and there paid, the commissioner~~[secretary]~~ or his delegate
7 shall forthwith proceed to again sell the property as provided in subsection (6) of
8 this section. If the conditions of the sale permit part of the payment to be deferred,
9 and if such part is not paid, within the prescribed period, suit may be instituted in
10 the Franklin Circuit Court or the Circuit Court of the county where the sale was
11 conducted against the purchaser for the purchase price or such part thereof as has
12 not been paid, together with interest at the rate of twelve percent (12%) per annum
13 from the date of the sale; or, in the discretion of the commissioner~~[secretary]~~, the
14 sale may be declared to be null and void for failure to make full payment of the
15 purchase price and the property may again be advertised and sold as provided in this
16 section. If readvertisement and sale occur, any new purchaser shall receive the
17 property or rights to property, free and clear of any claim or right of the former
18 defaulting purchaser, of any nature whatsoever, and the amount paid upon the bid
19 price by the defaulting purchaser shall be forfeited.

20 (8) If the commissioner~~[secretary]~~ or his delegate determines that any property seized is
21 liable to perish or become greatly reduced in price or value by keeping, or that the
22 property cannot be kept without great expense, he shall appraise the value of the
23 property and, if the owner of the property can be readily found, the
24 commissioner~~[secretary]~~ or his delegate shall give him notice of the determination
25 of the appraised value of the property. The property shall be returned to the owner
26 if, within the time specified in the notice, the owner pays to the
27 commissioner~~[secretary]~~ or his delegate an amount equal to the appraised value, or

1 gives bond in the form, with the sureties, and in the amount as the
2 commissioner~~[secretary]~~ or his delegate determines to be appropriate in the
3 circumstances. If the owner does not pay the amount or furnish the bond in
4 accordance with this subsection, the commissioner~~[secretary]~~ or his delegate shall
5 as soon as practicable make public sale of the property without regard to the
6 advertisement requirements or the time limitations contained in subsections (3) and
7 (5) of this section.

8 (9) No proceedings under this section shall be commenced more than ten (10) years
9 after the assessment becomes final.

10 (10) The term "levy" as used in this section shall include the power of distraint and
11 seizure by any means. Except as otherwise provided in KRS 131.510(2)(a), a levy
12 shall extend only to property possessed and obligations existing at the time thereof.
13 In any case in which the commissioner~~[secretary]~~ or his delegate may levy upon
14 property or rights to property, he may seize and sell the property or rights whether
15 real, personal, tangible or intangible.

16 (11) Notwithstanding the provisions of KRS Chapters 45, 45A, and 56, the
17 department~~[cabinet]~~ may take all necessary steps to provide for the protection,
18 maintenance, or transportation of all property seized by the department~~[cabinet]~~
19 pursuant to the provisions of this section, including, but not limited to, negotiating
20 directly for the procurement of contractual services, including professionals,
21 supplies, materials, equipment, or the leasing of real and personal property. Every
22 effort shall be made to effect a competitively established price for purchases made
23 pursuant to this section. The department~~[cabinet]~~ shall report any procurements of
24 contractual services, supplies, materials, equipment, or the leasing of real and
25 personal property, to the secretary of the Finance and Administration Cabinet within
26 sixty (60) days of the transaction. Nothing in this section shall preclude the
27 department~~[cabinet]~~ from complying with the provisions of KRS Chapters 45 and

56 relating to the requirements to report the purchase or lease of real property or equipment to the Capital Projects and Bond Oversight Committee.

Section 142. KRS 131.510 is amended to read as follows:

(1) Levy may be made with respect to any unpaid tax only after the department~~cabinet~~ has given notice and demand to such person in writing of the intention to make such levy. Such notice and demand shall be given in person, or shall be sent by certified mail to such person's last known address, no less than ten (10) days before the date of levy.

(2) (a) The effect of a levy on salary or wages payable to or received by a person shall be continuous from the date such levy is first made until the liability out of which such levy arose is satisfied or becomes unenforceable by reason of lapse of time.

(b) With respect to a levy described in paragraph (a) of this subsection, the department~~cabinet~~ shall promptly release the levy when the liability out of which such levy arose is satisfied or becomes unenforceable by reason of lapse of time, and shall promptly notify the person upon whom such levy was made that such levy has been released.

Section 143. KRS 131.520 is amended to read as follows:

(1) Any person in possession of or obligated with respect to property or rights to property subject to levy upon which a levy has been made shall, upon demand of the commissioner~~secretary~~ or his delegate, surrender such property or rights or discharge such obligation to the commissioner~~secretary~~ or his delegate, except such part of the property or rights as is, at the time of such demand, subject to an attachment or execution under any judicial process.

(2) Any person who fails or refuses to surrender any property or rights to property subject to levy shall be liable in his own person and estate to the Commonwealth in a sum equal to the value of the property or rights not so surrendered, but not

1 exceeding the amount of taxes for the collection of which such levy has been made,
 2 together with costs and interest on such sum at the rate of twelve percent (12%) per
 3 annum from the date of such levy. Any amount other than costs recovered under
 4 this paragraph shall be credited against the tax liability for the collection of which
 5 such levy was made.

- 6 (3) Any person in possession of or obligated with respect to property or rights to
 7 property subject to levy upon which a levy has been made who, upon demand by the
 8 commissioner~~[secretary]~~ or his delegate, surrenders such property or rights to
 9 property or discharges such obligation to the commissioner~~[secretary]~~ or his
 10 delegate shall be discharged from any obligation or liability to the delinquent
 11 taxpayer with respect to such property or rights to property arising from such
 12 surrender or payment.

13 Section 144. KRS 131.530 is amended to read as follows:

- 14 (1) Any person whose property has been levied upon shall have the right to pay the
 15 amount due, together with the expense of the proceeding, to the
 16 commissioner~~[secretary]~~ or his delegate at any time prior to the sale thereof and
 17 upon such payment the commissioner~~[secretary]~~ or his delegate shall cause such
 18 property to be restored to him and all further proceedings in connection with the
 19 levy on such property shall cease from the time of such payment.
- 20 (2) The owner of any real property sold as provided in KRS 131.500(1), his heirs,
 21 executors, or administrators, or any person having an interest therein, or a lien
 22 thereon, or any person in his behalf, shall be permitted to redeem the real property
 23 sold or any particular tract of such property, at any time within one hundred twenty
 24 (120) days after the date of the sale. Such property or tract of property shall be
 25 permitted to be redeemed only upon payment to the purchaser, or in case he cannot
 26 be found in the county in which the property to be redeemed is situated, then to the
 27 commissioner~~[secretary]~~ or his delegate, for the use of the purchaser, his heirs, or

1 assigns, the amount paid by such purchaser and interest thereon at the rate of twenty
2 percent (20%) per annum from the date of sale.

3 (3) In the case of property sold pursuant to KRS 131.500(1), the
4 commissioner~~[secretary]~~ or his delegate shall give to the purchaser a certificate of
5 sale upon payment in full of the purchase price. The certificate shall set forth a
6 description of the property purchased, for whose taxes the property was sold, and
7 the price paid therefor.

8 (4) In all cases where property is sold pursuant to KRS 131.500(1), except real
9 property, the certificate of sale issued pursuant to subsection (3) of this section shall
10 have the following effect:

11 (a) Shall be prima facie evidence of the rights of the commissioner~~[secretary]~~ or
12 his delegate to make such sale, and of the regularity of the proceeding of the
13 sale; and

14 (b) Shall transfer to the purchaser all right, title and interest of the taxpayer in and
15 to the property sold; and

16 (c) If such property consists of stock, shall be notice, when received, to any
17 corporation, company, or association of such transfer, and shall be authority to
18 such corporation, company, or association to record the transfer on its books
19 and records in the same manner as if the stocks were transferred or assigned
20 by the party holding the same, in lieu of any prior certificate, which shall be
21 void, whether canceled or not; and

22 (d) If the subject of sale is securities or other evidences of debt, shall be a good
23 and valid receipt to the person holding the same, as against any person holding
24 or claiming to hold possession of such securities or other evidences of debt;
25 and

26 (e) If such property consists of a motor vehicle, shall be notice, when received by
27 any public official charged with the registration of title to motor vehicles, of

such transfer and shall be authority to such official to record the transfer on his books and records in the same manner as if title to such motor vehicle were transferred or assigned by the party holding the same, in lieu of any original or prior title, which shall be void, whether canceled or not.

(5) In the case of any real property sold pursuant to KRS 131.500(1) and not redeemed in the manner and within the time provided in subsection (2) of this section, the commissioner~~[secretary]~~ or his delegate shall execute in accordance with the laws of the Commonwealth, to the purchaser of such real property upon surrender of the certificate of sale, a deed to the real property so purchased by him, reciting the facts set forth in the certificate. The deed executed pursuant to this subsection shall have the following effect:

(a) Shall be prima facie evidence of the rights of the commissioner~~[secretary]~~ or his delegate to make such sale, and of the regularity of the proceedings of the sale; and

(b) If the proceedings of the commissioner~~[secretary]~~ or his delegate have been substantially in accordance with the provisions of KRS 131.500, such deed shall be considered and operate as a conveyance of all right, title and interest the taxpayer has in and to the real property thus sold at the time the lien of the Commonwealth attached thereto.

(6) A certificate of sale of personal property given or a deed to real property executed pursuant to this section shall discharge such property from all liens, encumbrances, and titles over which the lien of the Commonwealth, with respect to which the levy was made, had priority.

Section 145. KRS 131.540 is amended to read as follows:

(1) It shall be lawful for the commissioner~~[secretary]~~ or his delegate, under regulations prescribed by the commissioner~~[secretary]~~, to release the levy upon all or part of the property or rights to property levied upon where the commissioner~~[secretary]~~ or his

1 delegate determines that such action will facilitate the collection of the liability, but
2 such release shall not operate to prevent any subsequent levy.

3 (2) If the commissioner~~[secretary]~~ determines that property has been wrongfully levied
4 upon, it shall be lawful for the commissioner~~[secretary]~~ to return the specific
5 property levied upon, or an amount of money equal to the amount of money levied
6 upon, or any amount of money equal to the amount of money received by the
7 commissioner~~[secretary]~~ from a sale of such property.

8 (3) Property may be returned at any time. An amount equal to the amount of money
9 levied upon or received from such sale may be returned at any time before the
10 expiration of four (4) years from the date of such levy.

11 Section 146. KRS 131.550 is amended to read as follows:

12 (1) When the Department of Revenue~~[Cabinet]~~ reasonably believes that any taxpayer
13 has divested himself by gift, conveyance, assignment, transfer of, or charge upon
14 any property, whether real, personal, tangible or intangible, with the intent to hinder
15 or evade the collection of any tax assessed or to be assessed by the
16 department~~[cabinet]~~ or declared by the taxpayer on a return filed with the
17 department~~[cabinet]~~, any transferee of such property may be assessed by the
18 Department of Revenue~~[Cabinet]~~ an amount equal to the lesser of the amount of
19 tax assessed against the transferor taxpayer or the fair market value of the property
20 so transferred. However, no assessment shall be made pursuant to this section
21 against a transferee who takes the property for full and valuable consideration in
22 money or money's worth, unless it appears that such transferee had notice of the
23 intent of the transferor taxpayer to hinder or evade the collection of any tax.

24 (2) Any assessment made by the Department of Revenue~~[Cabinet]~~ against a transferee
25 pursuant to subsection (1) of this section is, except as provided in this section,
26 subject to the same provisions and limitations as in the case of the taxes for which
27 the liabilities were incurred.

(3) The period of limitation for assessment of any liability against a transferee pursuant to subsection (1) of this section shall be as follows:

(a) In the case of an initial transferee, within one (1) year after the expiration of the period of limitation for assessment against the transferor taxpayer; and

(b) In the case of the liability of a transferee of a transferee, within one (1) year after the expiration of the period of limitation for assessment against the preceding transferee, but not more than three (3) years after the expiration of the period of limitation for assessment against the initial transferor taxpayer.

(4) The notice of any assessment against a transferee made pursuant to subsection (1) of this section shall be either given to the transferee in person or sent by mail to such transferee's last known address.

Section 147. KRS 131.560 is amended to read as follows:

Notwithstanding the provisions of KRS 44.030 or 131.190, the Department of Revenue ~~Cabinet~~ shall withhold the Kentucky individual income tax refund otherwise due a taxpayer under KRS Chapter 141 who owes overdue child support or is indebted to any state agency, officer, board, commission, corporation, institution, cabinet, department or other state organization which has complied with the requirements of KRS 131.565. After satisfaction of any undisputed delinquent tax liability due the Department of Revenue ~~Cabinet~~ from such taxpayer, the tax refund balance so withheld shall, except as provided in KRS 131.565, be transmitted as soon as practicable to the state agency having established a claim therefor. In the case of multiple state agency claims against the same tax refund, the agency having the larger pending claim shall have priority after satisfaction of any undisputed delinquent tax liabilities due the Department of Revenue ~~Cabinet~~.

Section 148. KRS 131.565 is amended to read as follows:

(1) For purposes of this section, "state agency" or "state agencies" shall include the Court of Justice as defined in KRS 45.241.

- 1 (2) No state agency shall request the withholding of any individual income tax refund
 2 unless there is specific provision in statute or administrative regulation for debtor
 3 appeal and hearing rights for that particular debt.
- 4 (3) State agencies having the statutory and regulatory provisions described in
 5 subsection (2) of this section shall establish claims against Kentucky individual
 6 income tax refunds by notifying the commissioner~~[secretary]~~ of revenue in writing
 7 by a date established by the Department of Revenue~~[Cabinet]~~ and, by dates agreed
 8 to by the Department of Revenue~~[Cabinet]~~ and each state agency, shall furnish a
 9 list of all liquidated debts due the agency for which withholding is required for
 10 individual income tax refunds due to be paid to the debtor of the claimant agency.
 11 This list shall be submitted in such form and contain such information as may be
 12 required by the commissioner~~[secretary]~~ of revenue to facilitate identification of the
 13 refunds to be withheld. As used in this section the term "liquidated debt" means a
 14 legal debt for a sum certain, which has been certified by the claimant agency as final
 15 due and owing. The claimant agency must have made reasonable efforts to collect
 16 such debt, and must have provided the debtor the opportunity for appeal and formal
 17 hearing as provided by statute. The claimant agency shall send thirty (30) days' prior
 18 written notification to the debtor of the intention to submit the claim to the
 19 Department of Revenue~~[Cabinet]~~ for setoff as provided in KRS 131.570.
- 20 (4) The individual income tax refund withholding procedures provided in KRS 131.560
 21 to 131.595 shall be in lieu of the procedures set forth in KRS 427.130 and 44.030
 22 only with regard to sums due to a debtor from the Department of Revenue~~[Cabinet]~~.
 23
- 24 (5) No state agency shall request the withholding of any individual income tax refund
 25 unless the debt for which withholding is requested is in a liquidated amount.
- 26 (6) Each state agency requesting the withholding of any individual income tax refund
 27 shall indemnify the Department of Revenue~~[Cabinet]~~ against any and all damages,

1 court costs, attorneys fees and any other expenses related to litigation which arises
 2 concerning the administration of KRS 131.560 to 131.595 as it pertains to a refund
 3 withholding action requested by such agency.

- 4 (7) Those state agencies requesting the withholding of individual income tax refunds
 5 shall, on a per unit cost or other equitable basis determined by the Department of
 6 Revenue~~[- Cabinet]~~, reimburse the Department of Revenue~~[- Cabinet]~~ for all
 7 development, implementation and administration costs incurred but not otherwise
 8 funded under the provisions of KRS 131.560 to 131.595.

- 9 (8) The Department of Revenue~~[- Cabinet]~~ may decline the withholding of individual
 10 income tax refunds from agencies if the request would adversely impact the
 11 operation of the Department of Revenue~~[- Cabinet]~~.

12 Section 149. KRS 131.570 is amended to read as follows:

- 13 (1) Upon determining that a pending individual income tax refund is subject to setoff as
 14 authorized under this section, the debtor shall be notified in writing by the
 15 Department of Revenue~~[- Cabinet]~~ of the claim made against such refund by the
 16 named claimant agency, and of the Department of Revenue's~~Revenue Cabinet's~~
 17 intention to set off the refund against the debt to the claimant agency. The notice
 18 shall provide that the debtor within thirty (30) days from the date of the notice may
 19 request a hearing before the claimant agency as provided by statute. No issues at
 20 such hearing may be considered that have been litigated previously and the debtor,
 21 after being given due notice of rights of appeal, must exercise such rights in a timely
 22 manner. The decision of the claimant agency shall be subject to appeal as all other
 23 decisions rendered by the claimant agency. No funds shall be transferred to a
 24 claimant agency until the debtor's appeal rights have been exhausted.
- 25 (2) Any excess of the pending refund amount over the total claim filed against such
 26 refund shall be promptly issued to the taxpayer by the Department of Revenue~~[-~~
 27 ~~Cabinet]~~.

1 (3) In the event funds transmitted to a claimant agency are subsequently determined by
 2 the claimant agency to be in excess of the liquidated debt, such claimant agency
 3 shall promptly refund the excess to the taxpayer.

4 (4) In the event the Department of Revenue~~[-Cabinet]~~ erroneously transfers funds to a
 5 claimant agency, the claimant agency shall immediately upon notification thereof
 6 reimburse the Department of Revenue~~[-Cabinet]~~ for the amount erroneously
 7 transmitted to such agency. The Department of Revenue~~[-Cabinet]~~ shall promptly
 8 refund to the taxpayer the appropriate amount of such returned funds with interest
 9 as provided in KRS 131.183(2).

10 Section 150. KRS 131.575 is amended to read as follows:

11 (1) Any individual income tax refund determined as a consequence of taxpayers filing
 12 separate returns on a combined Kentucky individual income tax form may be
 13 apportioned by the Department of Revenue~~[-Cabinet]~~ between the spouses based on
 14 the ratio of the adjusted gross incomes of each spouse to the total adjusted gross
 15 income. The amount of the refund computed to be due the spouse who is not
 16 indebted to the claimant agency shall be refunded by the Department of Revenue~~[-Cabinet]~~
 17 ~~Cabinet]~~ to such spouse. In the event such refunded amount has been transmitted to
 18 the claimant agency, the Department of Revenue~~[-Cabinet]~~ shall recover such
 19 amount from the claimant agency as provided in KRS 131.570(4).

20 (2) Any individual income tax refund determined as a consequence of taxpayers filing a
 21 joint Kentucky individual income tax return shall be deemed as coupled together in
 22 interest or liability and shall be subject to transfer to a claimant agency in its
 23 entirety.

24 Section 151. KRS 131.580 is amended to read as follows:

25 The Department of Revenue~~[-Cabinet]~~ may promulgate rules and regulations necessary to
 26 develop, implement and administer the provisions of KRS 131.560 to 131.595.

27 Section 152. KRS 131.585 is amended to read as follows:

1 There is hereby created within the Department of Revenue~~[- Cabinet]~~ a state debt offset
 2 account, which will be subject to the provisions of the restricted fund group, as provided
 3 in KRS 48.010(13)(f), and all funds collected under KRS 131.565(6) shall be credited
 4 thereto with only the expenses of the Department of Revenue~~[- Cabinet]~~ related to
 5 development, implementation and administration of KRS 131.560 to 131.595 to be paid
 6 therefrom. This account shall not lapse.

7 Section 153. KRS 131.600 is amended to read as follows:

8 As used in this section and KRS 131.602:

9 (1) "Adjusted for inflation" means increased in accordance with the formula for
 10 inflation adjustment set forth in Exhibit C to the master settlement agreement.

11 (2) "Affiliate" means a person who directly or indirectly owns or controls, is owned or
 12 controlled by, or is under common ownership or control with, another person.
 13 Solely for purposes of this definition, the terms "owns," "is owned," and
 14 "ownership" mean ownership of an equity interest, or the equivalent thereof, of ten
 15 percent (10%) or more, and the term "person" means an individual, partnership,
 16 committee, association, corporation, or any other organization or group of persons.

17 (3) "Allocable share" means allocable share as that term is defined in the master
 18 settlement agreement.

19 (4) "Cigarette" means any product that contains nicotine, is intended to be burned or
 20 heated under ordinary conditions of use, and consists of or contains:

21 (a) Any roll of tobacco wrapped in paper or in any substance not containing
 22 tobacco;

23 (b) Tobacco, in any form, that is functional in the product, which, because of its
 24 appearance, the type of tobacco used in the filler, or its packaging and
 25 labeling, is likely to be offered to, or purchased by, consumers as a cigarette;
 26 or

27 (c) Any roll of tobacco wrapped in any substance containing tobacco which,

1 because of its appearance, the type of tobacco used in the filler, or its
2 packaging and labeling, is likely to be offered to, or purchased by, consumers
3 as a cigarette described in paragraph (a) of this subsection.

4 The term "cigarette" includes "roll-your-own", i.e., any tobacco which, because of
5 its appearance, type, packaging, or labeling is suitable for use and likely to be
6 offered to, or purchased by, consumers as tobacco for making cigarettes. For
7 purposes of this definition of "cigarette," nine-hundredths (0.09) ounces of "roll-
8 your-own" tobacco shall constitute one (1) individual "cigarette."

9 (5) "Master settlement agreement" means the settlement agreement and related
10 documents entered into on November 23, 1998, by Kentucky and leading United
11 States tobacco product manufacturers.

12 (6) "Qualified escrow fund" means an escrow arrangement with a federally or state-
13 chartered financial institution having no affiliation with any tobacco product
14 manufacturer and having assets of at least one billion dollars (\$1,000,000,000)
15 where such arrangement requires that such financial institution hold the escrowed
16 funds' principal for the benefit of releasing parties and prohibits the tobacco product
17 manufacturer placing the funds into escrow from using, accessing, or directing the
18 use of the funds' principal except as consistent with KRS 131.602(2).

19 (7) "Released claims" means released claims as that term is defined in the master
20 settlement agreement.

21 (8) "Releasing parties" means releasing parties as that term is defined in the master
22 settlement agreement.

23 (9) "Tobacco product manufacturer" means an entity that after June 30, 2000, directly
24 and not exclusively through any affiliate:

25 (a) Manufactures cigarettes anywhere that such manufacturer intends to be sold in
26 the United States, including cigarettes intended to be sold in the United States
27 through an importer, except where such importer is an original participating

1 manufacturer, as that term is defined in the master settlement agreement, that
 2 will be responsible for the payments under the master settlement agreement
 3 with respect to such cigarettes as a result of the provisions of subsection
 4 II(mm) of the master settlement agreement and that pays the taxes specified in
 5 subsection II(z) of the master settlement agreement, and provided that the
 6 manufacturer of such cigarettes does not market or advertise such cigarettes in
 7 the United States;

8 (b) Is the first purchaser anywhere for resale in the United States of cigarettes
 9 manufactured anywhere that the manufacturer does not intend to be sold in the
 10 United States; or

11 (c) Becomes a successor of an entity described in paragraph (a) or (b) of this
 12 subsection.

13 The term "tobacco product manufacturer" shall not include an affiliate of a tobacco
 14 product manufacturer unless such affiliate itself falls within any of the definitions
 15 described in paragraph (a), (b), or (c) of this subsection.

16 (10) "Units sold" means the number of individual cigarettes sold in Kentucky by the
 17 applicable tobacco product manufacturer, whether directly or through a distributor,
 18 retailer, or similar intermediary or intermediaries, during the year in question, as
 19 measured by excise taxes collected by Kentucky on packs or "roll-your-own"
 20 tobacco containers bearing the excise tax stamp of Kentucky. The Department of
 21 Revenue~~[Cabinet]~~ shall promulgate such regulations as are necessary to ascertain
 22 the amount of state excise tax paid on the cigarettes of such tobacco product
 23 manufacturer for each year.

24 Section 154. KRS 131.590 is amended to read as follows:

25 To defray the cost of development and implementation of KRS 131.560 to 131.595, there
 26 shall be credited to the state debt offset account an amount not to exceed \$175,000, such
 27 amount to be derived from the amount of the Kentucky individual income tax refunds

withheld under the provisions of KRS 131.560 to 131.595 for undisputed delinquent taxes due the Department of Revenue~~[Cabinet]~~.

Section 155. KRS 131.600 is amended to read as follows:

As used in this section and KRS 131.602:

(1) "Adjusted for inflation" means increased in accordance with the formula for inflation adjustment set forth in Exhibit C to the master settlement agreement.

(2) "Affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person.

Solely for purposes of this definition, the terms "owns," "is owned," and "ownership" mean ownership of an equity interest, or the equivalent thereof, of ten percent (10%) or more, and the term "person" means an individual, partnership, committee, association, corporation, or any other organization or group of persons.

(3) "Allocable share" means allocable share as that term is defined in the master settlement agreement.

(4) "Cigarette" means any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains:

(a) Any roll of tobacco wrapped in paper or in any substance not containing tobacco;

(b) Tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or

(c) Any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in paragraph (a) of this subsection.

The term "cigarette" includes "roll-your-own", i.e., any tobacco which, because of

1 its appearance, type, packaging, or labeling is suitable for use and likely to be
2 offered to, or purchased by, consumers as tobacco for making cigarettes. For
3 purposes of this definition of "cigarette," nine-hundredths (0.09) ounces of "roll-
4 your-own" tobacco shall constitute one (1) individual "cigarette."

5 (5) "Master settlement agreement" means the settlement agreement and related
6 documents entered into on November 23, 1998, by Kentucky and leading United
7 States tobacco product manufacturers.

8 (6) "Qualified escrow fund" means an escrow arrangement with a federally or state-
9 chartered financial institution having no affiliation with any tobacco product
10 manufacturer and having assets of at least one billion dollars (\$1,000,000,000)
11 where such arrangement requires that such financial institution hold the escrowed
12 funds' principal for the benefit of releasing parties and prohibits the tobacco product
13 manufacturer placing the funds into escrow from using, accessing, or directing the
14 use of the funds' principal except as consistent with KRS 131.602(2).

15 (7) "Released claims" means released claims as that term is defined in the master
16 settlement agreement.

17 (8) "Releasing parties" means releasing parties as that term is defined in the master
18 settlement agreement.

19 (9) "Tobacco product manufacturer" means an entity that after June 30, 2000, directly
20 and not exclusively through any affiliate:

21 (a) Manufactures cigarettes anywhere that such manufacturer intends to be sold in
22 the United States, including cigarettes intended to be sold in the United States
23 through an importer, except where such importer is an original participating
24 manufacturer, as that term is defined in the master settlement agreement, that
25 will be responsible for the payments under the master settlement agreement
26 with respect to such cigarettes as a result of the provisions of subsection
27 II(mm) of the master settlement agreement and that pays the taxes specified in

1 subsection II(z) of the master settlement agreement, and provided that the
 2 manufacturer of such cigarettes does not market or advertise such cigarettes in
 3 the United States;

4 (b) Is the first purchaser anywhere for resale in the United States of cigarettes
 5 manufactured anywhere that the manufacturer does not intend to be sold in the
 6 United States; or

7 (c) Becomes a successor of an entity described in paragraph (a) or (b) of this
 8 subsection.

9 The term "tobacco product manufacturer" shall not include an affiliate of a tobacco
 10 product manufacturer unless such affiliate itself falls within any of the definitions
 11 described in paragraph (a), (b), or (c) of this subsection.

12 (10) "Units sold" means the number of individual cigarettes sold in Kentucky by the
 13 applicable tobacco product manufacturer, whether directly or through a distributor,
 14 retailer, or similar intermediary or intermediaries, during the year in question, as
 15 measured by excise taxes collected by Kentucky on packs or "roll-your-own"
 16 tobacco containers bearing the excise tax stamp of Kentucky. The Department of
 17 Revenue~~[-Cabinet]~~ shall promulgate such regulations as are necessary to ascertain
 18 the amount of state excise tax paid on the cigarettes of such tobacco product
 19 manufacturer for each year.

20 Section 156. KRS 131.604 is amended to read as follows:

21 As used in KRS 131.604 to 131.630:

22 (1) "Brand family" means all styles of cigarettes sold under the same trade mark and
 23 differentiated from one another by means of additional modifiers or descriptors,
 24 including but not limited to menthol, lights, kings, and 100's, and includes any
 25 brand name alone or in conjunction with any other word, trademark, logo, symbol,
 26 motto, selling message, recognizable pattern of colors, or any other indicia of
 27 product identification identical or similar to, or identifiable with, a previously

1 known brand of cigarettes.

2 (2) "Distributor" means a person, wherever residing or located, who purchases nontax-
3 paid cigarettes and stores, sells, or otherwise disposes of the cigarettes. This
4 includes resident wholesalers, nonresident wholesalers, and unclassified acquirers
5 as defined in KRS 138.130.

6 (3) "Nonparticipating manufacturer" means any tobacco product manufacturer that is
7 not a participating manufacturer.

8 (4) "Participating manufacturer" has the meaning given the term in Section II(jj) of the
9 master settlement agreement and all amendments thereto.

10 (5) "Stamping agent" means a person, including a distributor, that is authorized to affix
11 tax stamps to packages or other containers or cigarettes pursuant to KRS 138.146 or
12 any person that is required to pay the excise tax imposed pursuant to KRS 138. 155.

13 (6) "Master settlement agreement" has the same meaning as in KRS 131.600.

14 (7) "Cigarette" has the same meaning as in KRS 131.600.

15 (8) "Commissioner~~[Secretary]~~" means the commissioner~~[secretary]~~ of the Department
16 of Revenue~~[Cabinet]~~.

17 (9) "Department~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.

18 (10) "Tobacco product manufacturer" has the same meaning as in KRS 131.600.

19 (11) "Units sold" has the same meaning as in KRS 131.600.

20 (12) "Qualified escrow fund" has the same meaning as in KRS 131.600.

21 Section 157. KRS 131.610 is amended to read as follows:

22 (1) The Attorney General shall develop and make available to the department~~[cabinet]~~
23 for public inspection, to include publishing on the department's~~[cabinet's]~~ Web site~~[~~
24 website], a listing of all tobacco product manufacturers that have provided current
25 and accurate certifications pursuant to KRS 131.608 and all brand families that are
26 listed in the certifications. The listing shall be referred to as the "directory" and
27 completed no later than July 1 of each certification year.

- 1 (2) The department~~[cabinet]~~ shall not include or retain in the directory the name or
 2 brand families of any nonparticipating manufacturer that has failed to provide the
 3 required certification or whose certification the Attorney General determines is not
 4 in compliance with KRS 131.608, unless the Attorney General has determined that
 5 such violation has been satisfactorily cured.
- 6 (3) Neither a tobacco product manufacturer nor a brand family shall be included or
 7 retained in the directory if the Attorney General determines, in the case of a
 8 nonparticipating manufacturer, that:
- 9 (a) Any escrow payment required pursuant to KRS 131.602 for any period for any
 10 brand family, whether or not listed by the nonparticipating manufacturer, has
 11 not been fully paid into a qualified escrow fund governed by a qualified
 12 escrow agreement that has been approved by the Attorney General; or
- 13 (b) Any outstanding final judgment, including interest thereon, for a violation of
 14 KRS 131.602 has not been fully satisfied for the brand family or the
 15 manufacturer.
- 16 (4) Upon receipt of information from the Attorney General, the department~~[cabinet]~~
 17 shall update the directory as necessary in order to correct mistakes and to add or
 18 remove a tobacco product manufacturer or brand family to keep the directory in
 19 conformity with the requirements of this section and KRS 131.608 and 131.620.
 20 The department~~[cabinet]~~ shall transmit, by electronic mail or other practicable
 21 means, notice to each stamping agent and distributor of any addition to or removal
 22 from the directory of any tobacco product manufacturer or brand family.
- 23 (5) Every stamping agent and distributor shall provide and update as necessary an
 24 electronic mail address to the department~~[cabinet]~~ for the purpose of receiving any
 25 notifications that may be required by this section and KRS 131.608, 131.616,
 26 131.620, and 131.624.
- 27 (6) Notwithstanding the provisions of subsections (2) and (3) of this section, in the case

1 of any nonparticipating manufacturer who has established a qualified escrow
 2 account pursuant to KRS 131.602 that has been approved by the Attorney General,
 3 the Attorney General may not remove the manufacturer or its brand families from
 4 the directory unless the manufacturer has been given at least thirty (30) days' notice
 5 of the intended action. For the purposes of this section, notice shall be deemed
 6 sufficient if it is sent either electronically to an electronic-mail address or by first
 7 class to a postal mailing address provided by the manufacturer in its most recent
 8 certification filed pursuant to KRS 131.608. The notified nonparticipating
 9 manufacturer shall have thirty (30) days from receipt of the notice to comply. At the
 10 time that the Attorney General sends notice of his or her intent to remove the
 11 manufacturer from the directory, the Attorney General shall post the notice in the
 12 directory.

13 Section 158. KRS 131.616 is amended to read as follows:

14 On or before the twentieth day of each month, each stamping agent and distributor shall
 15 submit documentation that the commissioner[secretary] requires to facilitate compliance
 16 with this section, including but not limited to a list by brand family of the total number of
 17 cigarettes for which the stamping agent or distributor affixed stamps during the previous
 18 calendar month or otherwise paid the tax due for the cigarettes. The stamping agent or
 19 distributor shall maintain, and make available to the commissioner[secretary], all
 20 invoices and documentation of sales of all nonparticipating manufacturer cigarettes and
 21 any other information relied upon in reporting to the commissioner[secretary] for a
 22 period of five (5) years.

23 Section 159. KRS 131.618 is amended to read as follows:

24 (1) Notwithstanding KRS 131.190, the commissioner[secretary] is authorized to
 25 disclose to the Attorney General the name and address of a stamping agent or
 26 distributor and the number of sticks by brand name that have been purchased from a
 27 nonparticipating manufacturer and have been stamped with Kentucky stamps by

that agent or distributor. The Attorney General may share this information with other federal, state, or local agencies only for the purposes of enforcement of KRS 131.602 and 131.604 to 131.630 or corresponding laws of other states. The Attorney General is further authorized to disclose to a nonparticipating tobacco product manufacturer this information that has been provided by a stamping agent regarding the purchases from that manufacturer. This information provided by a stamping agent may be used in any enforcement action against the nonparticipating manufacturer by the Attorney General.

- (2) In addition to the information required to be submitted pursuant to KRS 131.608, 131.614, and 131.620, the Attorney General or the commissioner~~secretary~~ may require a stamping agent, distributor, or tobacco product manufacturer to submit any additional information including but not limited to samples of the packaging or labeling of each brand family as is necessary to enable the Attorney General to determine whether a tobacco product manufacturer is in compliance with KRS 131.604 to 131.630.

Section 160. KRS 131.622 is amended to read as follows:

- (1) Any cigarettes that have been affixed with a stamp in this state in violation of KRS 131.612 shall be deemed contraband and subject to seizure and forfeiture pursuant to KRS 138.165. Cigarettes seized in accordance with this section shall be destroyed and not resold.
- (2) The Attorney General may seek an injunction to restrain a violation of KRS 131.612 or 131.616 by a distributor or stamping agent and to compel the distributor or stamping agent to comply with KRS 131.612 and 131.616. In any action brought pursuant to this section, the state shall be entitled to recover the costs of investigation, costs of the action, and reasonable attorney fees from any distributor or stamping agent found to be in violation of KRS 131.612 or 131.616.
- (3) No stamping agent or distributor shall sell or distribute cigarettes, or acquire, hold,

own, possess, transport, import, or cause to be imported cigarettes that the stamping agent knows are intended for distribution or sale in the state in violation of KRS 131.612. A violation of this section is a Class A misdemeanor.

(4) Nothing in this section shall prohibit a stamping agent or distributor from possessing unstamped containers of cigarettes held in inventory for delivery to, or for sale in, another state.

(5) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a stamping agent or distributor has violated KRS 131.612 or any regulation adopted pursuant to KRS 131.604 to 131.630, the commissioner~~secretary~~ may suspend the sale of cigarette stamps to the stamping agent or distributor for failure to comply with the provisions of KRS 131.604 to 131.630.

Section 161. KRS 131.624 is amended to read as follows:

(1) Any person aggrieved by a determination of the Attorney General to not include or to remove from the directory created in KRS 131.610 a brand family or tobacco product manufacturer may appeal the determination to the Franklin Circuit Court, or to the Circuit Court of the county in which the aggrieved party resides or conducts his place of business. For the purposes of a temporary injunction sought pursuant to this subsection, loss of the ability to sell tobacco products as a result of removal from the directory may be deemed to constitute irreparable harm.

(2) No person shall be issued a license or granted a renewal of a license to act as a distributor or stamping agent unless the person is in compliance with the provisions of KRS 131.604 to 131.630.

(3) The Attorney General or the department~~cabinet~~ may promulgate administrative regulations necessary to effect the purposes of KRS 131.604 to 131.630.

Section 162. KRS 131.630 is amended to read as follows:

(1) In addition to or in lieu of any other civil or criminal remedy provided by law, upon

1 a determination that a stamping agent or distributor has violated any provision of
 2 KRS 131.604 to 131.630 or any administrative regulation promulgated thereunder,
 3 the commissioner~~[secretary]~~ may revoke or suspend the license of any stamping
 4 agent or distributor pursuant to KRS 138.195 and 138.205.

- 5 (2) Each stamp affixed in violation of KRS 131.612 shall constitute a separate
 6 violation. The commissioner~~[secretary]~~ may impose a civil penalty in an amount
 7 not to exceed the greater of five hundred percent (500%) of the retail value of the
 8 cigarettes sold or five thousand dollars (\$5,000) upon a determination of a violation
 9 of KRS 131.612 or any administrative regulations promulgated thereunder. The
 10 penalty shall be imposed in the manner provided by KRS 138.195 and 138.205.

11 Section 163. KRS 131.650 is amended to read as follows:

- 12 (1) Notwithstanding the provisions of KRS 131.190 or any other confidentiality law to
 13 the contrary, the department~~[cabinet]~~ may publish a list or lists of taxpayers that
 14 owe delinquent taxes or fees administered by the Department of Revenue~~[~~
 15 ~~Cabinet]~~, and that meet the requirements of KRS 131.652.

- 16 (2) For purposes of this section, a taxpayer may be included on a list if:

- 17 (a) The taxes or fees owed remain unpaid at least forty-five (45) days after the
 18 dates they became due and payable; and
 19 (b) A tax lien or judgment lien has been filed of public record against the taxpayer
 20 before notice is given under KRS 131.654.

- 21 (3) In the case of listed taxpayers that are business entities, the Department of
 22 Revenue~~[Cabinet]~~ may also list the names of responsible persons assessed pursuant
 23 to KRS 136.565, 138.885, 139.185, 141.340, and 142.357 for listed liabilities, who
 24 are not protected from publication by subsection (2) of this section, and for whom
 25 the requirements of KRS 131.652 are satisfied with regard to the personal
 26 assessment.

- 27 (4) Before any list is published under this section, the department~~[cabinet]~~ shall

document that each of the conditions for publication as provided in this section has been satisfied, and that procedures were followed to ensure the accuracy of the list and notice was given to the affected taxpayers.

Section 164. KRS 131.652 is amended to read as follows:

(1) The Department of Revenue~~[Cabinet]~~ may publish a list of all of the taxpayers described in KRS 131.650.

(2) For the purposes of this section, a tax or fee is not delinquent if:

(a) The procedures enumerated in KRS 131.110 have not been waived or exhausted at the time when notice would be given under KRS 131.654; or

(b) The liability is subject to a payment agreement and there is no delinquency in the payments required under the agreement.

(3) Unpaid liabilities are not subject to publication if:

(a) The department~~[cabinet]~~ is in the process of reviewing or adjusting the liability;

(b) The taxpayer is a debtor in a bankruptcy proceeding and the automatic stay is in effect;

(c) The department~~[cabinet]~~ has been notified that the taxpayer is deceased; or

(d) The time period for enforced collection of the taxes or fees has expired.

Section 165. KRS 131.652 is amended to read as follows:

(1) The Department of Revenue~~[Cabinet]~~ may publish a list of all of the taxpayers described in KRS 131.650.

(2) For the purposes of this section, a tax or fee is not delinquent if:

(a) The procedures enumerated in KRS 131.110 have not been waived or exhausted at the time when notice would be given under KRS 131.654; or

(b) The liability is subject to a payment agreement and there is no delinquency in the payments required under the agreement.

(3) Unpaid liabilities are not subject to publication if:

- 1 (a) The department~~[cabinet]~~ is in the process of reviewing or adjusting the
- 2 liability;
- 3 (b) The taxpayer is a debtor in a bankruptcy proceeding and the automatic stay is
- 4 in effect;
- 5 (c) The department~~[cabinet]~~ has been notified that the taxpayer is deceased; or
- 6 (d) The time period for enforced collection of the taxes or fees has expired.

7 Section 166. KRS 131.658 is amended to read as follows:

8 The department~~[cabinet]~~ shall remove the name of a taxpayer from the list of delinquent
 9 taxpayers after the department~~[cabinet]~~ receives written notice of and verifies any of the
 10 following facts about the liability in question:

- 11 (1) The taxpayer has contacted the department~~[cabinet]~~ and arranged resolution of the
- 12 liability;
- 13 (2) An active bankruptcy proceeding has been initiated for the liability; or
- 14 (3) A bankruptcy proceeding concerning the liability has resulted in discharge of the
- 15 liability.

16 Section 167. KRS 131.660 is amended to read as follows:

17 If the department~~[cabinet]~~ publishes a name under KRS 131.650 in error, the taxpayer
 18 whose name was erroneously published has all the rights enumerated in KRS 131.081 for
 19 an aggrieved taxpayer.

20 Section 168. KRS 131.990 is amended to read as follows:

- 21 (1) Any person who fails or refuses to obey a subpoena or order of the Kentucky Board
- 22 of Tax Appeals made pursuant to KRS Chapter 13B shall be fined not less than
- 23 twenty-five dollars (\$25) nor more than five hundred dollars (\$500).
- 24 (2) (a) Any person who violates the intentional unauthorized inspection provisions of
- 25 KRS 131.190(1) shall be fined not more than five hundred dollars (\$500) or
- 26 imprisoned for not more than six (6) months, or both.
- 27 (b) Any person who violates the provisions of KRS 131.190(1) by divulging

- 1 confidential taxpayer information shall be fined not more than one thousand
 2 dollars (\$1,000) or imprisoned for not more than one (1) year, or both.
- 3 (c) Any person who violates the intentional unauthorized inspection provisions of
 4 KRS 131.190(4) shall be fined not more than one thousand dollars (\$1,000) or
 5 imprisoned for not more than one (1) year, or both.
- 6 (d) Any person who violates the provisions of KRS 131.190(4) by divulging
 7 confidential taxpayer information shall be fined not more than five thousand
 8 dollars (\$5,000) or imprisoned for not more than five (5) years, or both.
- 9 (e) Any present secretary or employee of the Finance and Administration
 10 Cabinet, commissioner~~secretary~~ or employee of the Department of
 11 Revenue~~Cabinet~~, member of a county board of assessment appeals, property
 12 valuation administrator or employee, or any other person, who violates the
 13 provisions of KRS 131.190(1) or (4) may, in addition to the penalties imposed
 14 under this subsection, be disqualified and removed from office or
 15 employment.
- 16 (3) Any person who willfully fails to comply with the rules and regulations
 17 promulgated by the Department of Revenue~~Cabinet~~ for the administration of
 18 delinquent tax collections shall be fined not less than twenty dollars (\$20) nor more
 19 than one thousand dollars (\$1,000).
- 20 (4) Any person who fails to do any act required or does any act forbidden by KRS
 21 131.210 shall be fined not less than ten dollars (\$10) nor more than five hundred
 22 dollars (\$500).
- 23 (5) Any person who fails to comply with the provisions of KRS 131.155 shall, unless it
 24 is shown to the satisfaction of the department~~cabinet~~ that the failure is due to
 25 reasonable cause, pay a penalty of one-half of one percent (0.5%) of the amount that
 26 should have been remitted under the provisions of KRS 131.155 for each failure to
 27 comply.

1 Section 169. KRS 132.010 is amended to read as follows:

2 As used in this chapter, unless the context otherwise requires:

3 (1) "~~Department~~~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.

4 (2) "Taxpayer" means any person made liable by law to file a return or pay a tax.

5 (3) "Real property" includes all lands within this state and improvements thereon.

6 (4) "Personal property" includes every species and character of property, tangible and
7 intangible, other than real property.

8 (5) "Resident" means any person who has taken up a place of abode within this state
9 with the intention of continuing to abide in this state; any person who has had his
10 actual or habitual place of abode in this state for the larger portion of the twelve
11 (12) months next preceding the date as of which an assessment is due to be made
12 shall be deemed to have intended to become a resident of this state.

13 (6) "Compensating tax rate" means that rate which, rounded to the next higher one-
14 tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and
15 applied to the current year's assessment of the property subject to taxation by a
16 taxing district, excluding new property and personal property, produces an amount
17 of revenue approximately equal to that produced in the preceding year from real
18 property. However, in no event shall the compensating tax rate be a rate which,
19 when applied to the total current year assessment of all classes of taxable property,
20 produces an amount of revenue less than was produced in the preceding year from
21 all classes of taxable property. For purposes of this subsection, "property subject to
22 taxation" means the total fair cash value of all property subject to full local rates,
23 less the total valuation exempted from taxation by the homestead exemption
24 provision of the Constitution and the difference between the fair cash value and
25 agricultural or horticultural value of agricultural or horticultural land.

26 (7) "Net assessment growth" means the difference between:

27 (a) The total valuation of property subject to taxation by the county, city, school

- 1 district, or special district in the preceding year, less the total valuation
 2 exempted from taxation by the homestead exemption provision of the
 3 Constitution in the current year over that exempted in the preceding year, and
- 4 (b) The total valuation of property subject to taxation by the county, city, school
 5 district, or special district for the current year.
- 6 (8) "New property" means the net difference in taxable value between real property
 7 additions and deletions to the property tax roll for the current year. "Real property
 8 additions" shall mean:
- 9 (a) Property annexed or incorporated by a municipal corporation, or any other
 10 taxing jurisdiction; however, this definition shall not apply to property
 11 acquired through the merger or consolidation of school districts, or the
 12 transfer of property from one (1) school district to another;
- 13 (b) Property, the ownership of which has been transferred from a tax-exempt
 14 entity to a nontax-exempt entity;
- 15 (c) The value of improvements to existing nonresidential property;
- 16 (d) The value of new residential improvements to property;
- 17 (e) The value of improvements to existing residential property when the
 18 improvement increases the assessed value of the property by fifty percent
 19 (50%) or more;
- 20 (f) Property created by the subdivision of unimproved property, provided, that
 21 when such property is reclassified from farm to subdivision by the property
 22 valuation administrator, the value of such property as a farm shall be a
 23 deletion from that category;
- 24 (g) Property exempt from taxation, as an inducement for industrial or business
 25 use, at the expiration of its tax exempt status;
- 26 (h) Property, the tax rate of which will change, according to the provisions of
 27 KRS 82.085, to reflect additional urban services to be provided by the taxing

1 jurisdiction, provided, however, that such property shall be considered "real
 2 property additions" only in proportion to the additional urban services to be
 3 provided to the property over the urban services previously provided; and

4 (i) The value of improvements to real property previously under assessment
 5 moratorium.

6 "Real property deletions" shall be limited to the value of real property removed
 7 from, or reduced over the preceding year on, the property tax roll for the current
 8 year.

9 (9) "Agricultural land" means:

10 (a) Any tract of land, including all income-producing improvements, of at least
 11 ten (10) contiguous acres in area used for the production of livestock,
 12 livestock products, poultry, poultry products and/or the growing of tobacco
 13 and/or other crops including timber;

14 (b) Any tract of land, including all income-producing improvements, of at least
 15 five (5) contiguous acres in area commercially used for aquaculture; or

16 (c) Any tract of land devoted to and meeting the requirements and qualifications
 17 for payments pursuant to agriculture programs under an agreement with the
 18 state or federal government.

19 (10) "Horticultural land" means any tract of land, including all income-producing
 20 improvements, of at least five (5) contiguous acres in area commercially used for
 21 the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables,
 22 flowers, or ornamental plants.

23 (11) "Agricultural or horticultural value" means the use value of "agricultural or
 24 horticultural land" based upon income-producing capability and comparable sales of
 25 farmland purchased for farm purposes where the price is indicative of farm use
 26 value, excluding sales representing purchases for farm expansion, better
 27 accessibility, and other factors which inflate the purchase price beyond farm use

- 1 value, if any, considering the following factors as they affect a taxable unit:
- 2 (a) Relative percentages of tillable land, pasture land, and woodland;
 - 3 (b) Degree of productivity of the soil;
 - 4 (c) Risk of flooding;
 - 5 (d) Improvements to and on the land that relate to the production of income;
 - 6 (e) Row crop capability including allotted crops other than tobacco;
 - 7 (f) Accessibility to all-weather roads and markets; and
 - 8 (g) Factors which affect the general agricultural or horticultural economy, such
 - 9 as: interest, price of farm products, cost of farm materials and supplies, labor,
 - 10 or any economic factor which would affect net farm income.
- 11 (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural
- 12 value and the tax based on fair cash value.
- 13 (13) "Homestead" means real property maintained as the permanent residence of the
- 14 owner with all land and improvements adjoining and contiguous thereto including,
- 15 but not limited to, lawns, drives, flower or vegetable gardens, outbuildings, and all
- 16 other land connected thereto.
- 17 (14) "Residential unit" means all or that part of real property occupied as the permanent
- 18 residence of the owner.
- 19 (15) "Special benefits" are those which are provided by public works not financed
- 20 through the general tax levy but through special assessments against the benefited
- 21 property.
- 22 (16) "Mobile home" means a structure, transportable in one (1) or more sections, which
- 23 when erected on site measures eight (8) body feet or more in width and thirty-two
- 24 (32) body feet or more in length, and which is built on a permanent chassis and
- 25 designed to be used as a dwelling, with or without a permanent foundation, when
- 26 connected to the required utilities, and includes the plumbing, heating, air-
- 27 conditioning, and electrical systems contained therein. It may be used as a place of

1 residence, business, profession, or trade by the owner, lessee, or their assigns and
2 may consist of one (1) or more units that can be attached or joined together to
3 comprise an integral unit or condominium structure.

4 (17) "Recreational vehicle" means a vehicular type unit primarily designed as temporary
5 living quarters for recreational, camping, or travel use, which either has its own
6 motive power or is mounted on or drawn by another vehicle. The basic entities are:
7 travel trailer, camping trailer, truck camper, and motor home.

8 (a) Travel trailer: A vehicular unit, mounted on wheels, designed to provide
9 temporary living quarters for recreational, camping, or travel use, and of such
10 size or weight as not to require special highway movement permits when
11 drawn by a motorized vehicle, and with a living area of less than two hundred
12 twenty (220) square feet, excluding built-in equipment (such as wardrobes,
13 closets, cabinets, kitchen units or fixtures) and bath and toilet rooms.

14 (b) Camping trailer: A vehicular portable unit mounted on wheels and constructed
15 with collapsible partial side walls which fold for towing by another vehicle
16 and unfold at the camp site to provide temporary living quarters for
17 recreational, camping, or travel use.

18 (c) Truck camper: A portable unit constructed to provide temporary living
19 quarters for recreational, travel, or camping use, consisting of a roof, floor,
20 and sides, designed to be loaded onto and unloaded from the bed of a pick-up
21 truck.

22 (d) Motor home: A vehicular unit designed to provide temporary living quarters
23 for recreational, camping, or travel use built on or permanently attached to a
24 self-propelled motor vehicle chassis or on a chassis cab or van which is an
25 integral part of the completed vehicle.

26 Section 170. KRS 132.015 is amended to read as follows:

27 The property valuation administrator shall maintain lists of all real property additions and

1 real property deletions to the property tax rolls for the county, consolidated local
 2 government, or urban-county, and each city, school district, and special district in the
 3 county, consolidated local government, or urban-county, and shall certify such lists to the
 4 Department of Revenue~~[Cabinet]~~, the city clerk of each city in the county which elects to
 5 use the annual county assessment as provided for in KRS 132.285, the treasurer or chief
 6 officer of each special district in the county, and the chief administrative officer of the
 7 urban-county and the consolidated local government at the time he files his recapitulation
 8 of property assessed on the tax roll with the Department of Revenue~~[Cabinet]~~.

9 Section 171. KRS 132.020 is amended to read as follows:

- 10 (1) An annual ad valorem tax for state purposes of thirty-one and one-half cents
 11 (\$0.315) upon each one hundred dollars (\$100) of value of all real property directed
 12 to be assessed for taxation, and one and one-half cents (\$0.015) upon each one
 13 hundred dollars (\$100) of value of all privately-owned leasehold interests in
 14 industrial buildings, as defined under KRS 103.200, owned and financed by a tax-
 15 exempt governmental unit, or tax-exempt statutory authority under the provisions of
 16 KRS Chapter 103, upon the prior approval of the Kentucky Economic Development
 17 Finance Authority, except that the rate shall not apply to the proportion of value of
 18 the leasehold interest created through any private financing, and one and one-half
 19 cents (\$0.015) upon each one hundred dollars (\$100) of value of all tobacco
 20 directed to be assessed for taxation, and twenty-five cents (\$0.25) upon each one
 21 hundred dollars (\$100) of value of all money in hand, notes, bonds, accounts, and
 22 other credits, whether secured by mortgage, pledge, or otherwise, or unsecured,
 23 except as otherwise provided in subsection (2) of this section, and one and one-half
 24 cents (\$0.015) upon each one hundred dollars (\$100) of value of unmanufactured
 25 agricultural products, one-tenth of one cent (\$0.001) upon each one hundred dollars
 26 (\$100) of value of all farm implements and farm machinery owned by or leased to a
 27 person actually engaged in farming and used in his farm operations, one-tenth of

one cent (\$0.001) upon each one hundred dollars (\$100) of value of all livestock and domestic fowl, one-tenth of one cent (\$0.001) upon each one hundred dollars (\$100) of value of all tangible personal property located in a foreign trade zone established pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the regulations of the United States Customs Service and the Foreign Trade Zones Board, fifteen cents (\$0.15) upon machinery actually engaged in manufacturing, fifteen cents (\$0.15) upon commercial radio, television, and telephonic equipment directly used or associated with electronic equipment which broadcasts electronic signals to an antenna, fifteen cents (\$0.15) upon property which has been certified as a pollution control facility as defined in KRS 224.01-300, one-tenth of one cent (\$0.001) upon property which has been certified as an alcohol production facility as defined in KRS 247.910, or as a fluidized bed energy production facility as defined in KRS 211.390, twenty-five cents (\$0.25) upon each one hundred dollars (\$100) of value of motor vehicles qualifying for permanent registration as historic motor vehicles under the provisions of KRS 186.043, and forty-five cents (\$0.45) upon each one hundred dollars (\$100) of value of all other property directed to be assessed for taxation shall be paid by the owner or person assessed, except as provided in subsection (2) of this section and KRS 132.030, 132.050, 132.200, 136.300, 136.320, and other sections providing a different tax rate for particular property.

(2) (a) An annual ad valorem tax for state purposes of one and one-half cents (\$0.015) upon each one hundred dollars (\$100) of value shall be paid upon the following classes of intangible personal properties, when the intangible personal properties have not acquired a taxable situs without this state:

1. Accounts receivable, notes, bonds, credits, and any other intangible property rights arising out of or created in the course of regular and continuing business transactions substantially performed outside this

- 1 state;
- 2 2. Patents, trademarks, copyrights, and licensing or royalty agreements
- 3 relating to these;
- 4 3. Notes, bonds, accounts receivable, and all other intercompany intangible
- 5 personal property due from any affiliated company; and
- 6 4. Tobacco base allotments.
- 7 (b) An annual ad valorem tax for state purposes of one-thousandth of one percent
- 8 (0.001%) shall be paid upon money in hand, notes, bonds, accounts, credits,
- 9 and other intangible assets, whether by mortgage, pledge, or otherwise, or
- 10 unsecured, of financial institutions, as defined in KRS 136.500.
- 11 (3) "Affiliated company" shall mean a parent corporation or subsidiary corporation, and
- 12 any corporation principally engaged in business outside the United States in which
- 13 the owner or the person assessed directly or indirectly owns or controls not less than
- 14 ten percent (10%) of the outstanding voting stock.
- 15 (4) With respect to the intangible properties taxed pursuant to subsection (2) of this
- 16 section, no other ad valorem tax shall be levied by the state or any county, city,
- 17 school, or other taxing district on the intangible properties, or directly or indirectly
- 18 against the owner.
- 19 (5) Thirty cents (\$0.30) of the thirty-one and one-half cents (\$0.315) state tax rate on
- 20 real property and thirty cents (\$0.30) of the forty-five cents (\$0.45) state tax on
- 21 tangible personalty subject to local taxation shall be considered as local school
- 22 district tax levies for purposes of computing any direct payments of state or federal
- 23 funds to said districts as replacement for ad valorem taxes lost on property acquired
- 24 by a governmental agency. Should the equivalency ever be less than thirty cents
- 25 (\$0.30), as certified by the Department of Education, the direct payments shall be
- 26 reduced proportionately.
- 27 (6) The provisions of subsection (1) of this section notwithstanding, the state tax rate

on real property shall be reduced to compensate for any increase in the aggregate assessed value of real property to the extent that the increase exceeds the preceding year's assessment by more than four percent (4%), excluding the assessment from property which is subject to tax increment financing pursuant to KRS Chapter 65 and the assessment from leasehold property which is owned and financed by a tax-exempt governmental unit, or tax-exempt statutory authority under the provisions of KRS Chapter 103 and entitled to the reduced rate of one and one-half cents (\$0.015) pursuant to subsection (1) of this section. In any year in which the aggregate assessed value of real property is less than the preceding year, the state rate shall be increased to the extent necessary to produce the approximate amount of revenue that was produced in the preceding year from real property.

(7) By July 1 each year, the department~~{cabinet}~~ shall compute the state tax rate applicable to real property for the current year in accordance with the provisions of subsection (5) of this section and certify the rate to the county clerks for their use in preparing the tax bills. If the assessments for all counties have not been certified by July 1, the department~~{cabinet}~~ shall, when either real property assessments of at least seventy-five percent (75%) of the total number of counties of the Commonwealth have been determined to be acceptable by the department~~{cabinet}~~, or when the number of counties having at least seventy-five percent (75%) of the total real property assessment for the previous year have been determined to be acceptable by the department~~{cabinet}~~, make an estimate of the real property assessments of the uncertified counties and compute the state tax rate.

(8) If the tax rate set by the department~~{cabinet}~~ as provided in subsection (6) of this section produces more than a four percent (4%) increase in real property tax revenues, excluding the revenue from property which is subject to tax increment financing pursuant to KRS Chapter 65 and the revenue from leasehold property which is owned and financed by a tax-exempt governmental unit, or tax-exempt

1 statutory authority under the provisions of KRS Chapter 103 and entitled to the
2 reduced rate of one and one-half cents (\$0.015) pursuant to subsection (1) of this
3 section, the rate shall be adjusted in the succeeding year so that the cumulative total
4 of each year's property tax revenue increase shall not exceed four percent (4%) per
5 year.

6 (9) The provisions of subsection (6) of this section notwithstanding, the assessed value
7 of unmined coal certified by the department~~[cabinet]~~ after July 1, 1994, shall not be
8 included with the assessed value of other real property in determining the state real
9 property tax rate. All omitted unmined coal assessments made after July 1, 1994,
10 shall also be excluded from the provisions of subsection (6) of this section. The
11 calculated rate shall, however, be applied to unmined coal property, and the state
12 revenue shall be devoted to the program described in KRS 146.550 to 146.570,
13 except that four hundred thousand dollars (\$400,000) of the state revenue shall be
14 paid annually to the State Treasury and credited to the Kentucky Coal Council for
15 the purpose of public education of coal-related issues.

16 (10) Effective on or after January 1, 1990, an ad valorem tax for state purposes of five
17 cents (\$0.05) upon each one hundred dollars (\$100) of value shall be paid upon
18 goods held for sale in the regular course of business, which, on or after January 1,
19 1999, includes machinery and equipment held in a retailer's inventory for sale or
20 lease originating under a floor plan financing arrangement; and raw materials,
21 which includes distilled spirits and distilled spirits inventory, and in-process
22 materials, which includes distilled spirits and distilled spirits inventory, held for
23 incorporation in finished goods held for sale in the regular course of business.

24 (11) An ad valorem tax for state purposes of ten cents (\$0.10) per one hundred dollars
25 (\$100) of assessed value shall be paid on the operating property of railroads or
26 railway companies that operate solely within the Commonwealth.

27 (12) An ad valorem tax for state purposes of one and one-half cents (\$0.015) per one

1 hundred dollars (\$100) of assessed value shall be paid on aircraft not used in the
2 business of transporting persons or property for compensation or hire.

3 (13) An ad valorem tax for state purposes of one and one-half cents (\$0.015) per one
4 hundred dollars (\$100) of assessed value shall be paid on federally documented
5 vessels not used in the business of transporting persons or property for
6 compensation or hire, or for other commercial purposes.

7 Section 172. KRS 132.030 is amended to read as follows:

8 (1) Every person having a deposit in any financial institution, as defined in KRS
9 136.500, on January 1 of any year shall pay an annual tax to the state equal to one-
10 thousandth of one percent (0.001%) upon the amount of the deposit, and no
11 deduction shall be made for any indebtedness. The deposit tax shall be paid to the
12 department~~[cabinet]~~ by the financial institution with which the deposit is made, as
13 the agent of the depositor, on or before March 1 following the date of the report
14 provided for in KRS 132.040.

15 (2) No other tax shall be assessed by the state or any county, city, or other taxing
16 district on the deposits or against the depositor on account of the deposits, except as
17 provided in KRS 136.575.

18 Section 173. KRS 132.040 is amended to read as follows:

19 Each financial institution, as defined in KRS 136.500, shall file with the
20 department~~[cabinet]~~ on or before March 1 of each year, a report setting forth the total
21 amount of its deposits as of the preceding January 1 that are taxable in the name of the
22 depositor under the laws of this state, and shall, on or before March 1 of each year, pay to
23 the department~~[cabinet]~~ one-thousandth of one percent (.001%) of the amount of the
24 deposits, and may charge to and deduct from the deposit of each depositor the amount of
25 the tax paid on his behalf. Financial institutions shall have liens on the funds belonging to
26 the respective depositors on which the tax has been paid. Any claim for taxes against the
27 depositor by the financial institution paying the taxes shall be asserted within six (6)

1 months after the payment of the taxes to the department~~[cabinet]~~, and no claims or liens
2 shall be asserted after that time.

3 Section 174. KRS 132.047 is amended to read as follows:

4 (1) Every person having on September 1 of any year a savings account, in Kentucky in
5 any credit union organized under the laws of this state or doing business in this state
6 shall pay an annual tax to the state equal to one-tenth of one cent (\$0.001) upon
7 each one hundred dollars (\$100) of the savings account, and no deduction therefrom
8 shall be made for any indebtedness. The tax shall be paid to the Department of
9 Revenue~~[Cabinet]~~ by the credit union with which the savings account is made, as
10 agent of the member on or before November 1 of each year. The credit union may
11 charge to and deduct from the savings account of each member the amount of tax so
12 paid on his behalf. A lien is hereby given to the credit union on the funds belonging
13 to the respective member on which the tax has been so paid. Any claim for taxes
14 against the member by the credit union paying the taxes shall be asserted within six
15 (6) months after payment of the taxes to the department~~[cabinet]~~, and all claims or
16 liens therefor shall be thereafter barred.

17 (2) Each credit union shall file with the Department of Revenue~~[Cabinet]~~ on or before
18 September 21 each year a report setting forth the total amount of the savings
19 account of members as of the preceding September 1 that would be taxable in the
20 name of the member under the laws of this state.

21 (3) Any credit union that fails to make the returns or pay the taxes on behalf of its
22 members within the time limits prescribed by KRS 132.043 and 132.047 shall be
23 subject to the penalties and interest provided in KRS 131.180.

24 (4) No other tax shall be assessed by the state or any county, city, or other taxing
25 district on such savings account or against the members on account of such savings
26 account.

27 Section 175. KRS 132.060 is amended to read as follows:

1 (1) Every broker maintaining an office or place of business in this state for the conduct
 2 of the business of buying or selling bonds or other securities, excluding stocks and
 3 mutual funds, for customers in margin transactions shall report to the Department
 4 of Revenue~~[Cabinet]~~ as of January 1 of each year, the aggregate amount, with an
 5 accurate description and the market value, of all such securities then held or carried
 6 by such broker for each office or place of business in the state for resident
 7 customers, which report shall be filed with the department~~[cabinet]~~ on or before
 8 March 1 of each year.

9 (2) If the broker has doubt as to whether or not a customer is a resident of this state, he
 10 may, on or before making the required report, call upon the customer to submit an
 11 affidavit upon a form to be prescribed by the department~~[cabinet]~~, stating the facts
 12 relied upon to establish his nonresidence. The broker may then report to the
 13 department~~[cabinet]~~ the name and post office address of such customer and the
 14 information as to securities held or carried for him, and file therewith the customer's
 15 affidavit. The broker shall then be relieved from making any further report and from
 16 collecting or paying any taxes for the customer.

17 (3) If the customer fails or refuses to furnish the affidavit required by the broker, the
 18 broker shall report and pay the tax for the customer, who shall then have no claim
 19 against the broker because of the payment of the tax charged to the customer's
 20 account.

21 Section 176. KRS 132.070 is amended to read as follows:

22 Upon the filing of the report required by KRS 132.060, the department~~[cabinet]~~ shall
 23 assess the securities therein reported for taxation at their fair cash value, insofar as subject
 24 to taxation in this state, and shall fix the amount of tax due thereon at the rate prescribed
 25 by KRS 132.020, and render to the broker a tax bill covering the full amount of taxes due
 26 to the state under the securities so reported.

27 Section 177. KRS 132.080 is amended to read as follows:

1 The taxes fixed under KRS 132.070 shall be paid to the Department of Revenue[
 2 ~~Cabinet~~] by the broker within thirty (30) days after the rendition of the tax bill, subject to
 3 the same rate of discount provided in KRS 134.020. The broker may charge to and collect
 4 from each customer his portion of the tax levied upon the securities held or carried for
 5 him. If the broker fails to pay the taxes when due, he shall be liable for interest thereon at
 6 the tax interest rate as defined in KRS 131.010(6), and an additional penalty of ten
 7 percent (10%) upon the amount of the taxes with interest.

8 Section 178. KRS 132.130 is amended to read as follows:

9 (1) Effective January 1, 1967, every owner, proprietor, or custodian of a bonded
 10 warehouse or of premises under the control and supervision of the United States
 11 Internal Revenue Service, in which distilled spirits are stored shall between January
 12 1 and February 1 of each year file with the Department of Revenue[~~Cabinet~~] a
 13 report sworn to by him showing the quantity and kind of distilled spirits in the
 14 bonded warehouse or premises as of January 1 of that year; the quantity and kind of
 15 spirits on which the federal tax has been paid or is due; what distilled spirits have
 16 been removed from the bonded warehouse or premises for transfer in bond out of
 17 this state during the preceding twelve (12) months; the county, city, and taxing
 18 district in which such distilled spirits were certified for taxation; the fair cash value
 19 of the distilled spirits estimated at a price it would bring at a fair voluntary sale; and
 20 such other facts pertaining to the distilled spirits as the department[~~cabinet~~] may
 21 require.

22 (2) On January 1, May 1, and September 1, after the federal tax has been paid or
 23 becomes due, or after any of the distilled spirits are removed from the bonded
 24 warehouse or premises for transfer in bond out of this state, every owner, proprietor,
 25 or custodian of a bonded warehouse or premises in which distilled spirits are stored
 26 upon which taxes have accrued on assessments prior to January 1, 1967, shall file
 27 with the Department of Revenue[~~Cabinet~~] and the county clerk, in which county

the distilled spirits were at the time of the assessment, a statement, sworn to by him, showing the quantity of the distilled spirits on which the federal tax has been paid or is due; what distilled spirits have been removed from the bonded warehouse or premises or transferred in bond out of this state during the preceding four (4) months; the years in which such distilled spirits were assessed for taxation; and the county, city, or taxing district in which the distilled spirits were stored at the time of the assessment. At the same time, all taxes and interest on such distilled spirits due the state, county, or other taxing district shall be paid to the officers entitled to receive them. The report required by this section shall be made whether or not any distilled spirits are stored in the bonded warehouse or premises at the time the report is due.

Section 179. KRS 132.140 is amended to read as follows:

- (1) The Department of Revenue~~[Cabinet]~~ shall fix the value of the distilled spirits for the purpose of taxation, assess the same at its fair cash value, estimated at the price it would bring at a fair voluntary sale, and keep a record of its valuations and assessments. The department~~[cabinet]~~ shall immediately notify the owner or proprietor of the bonded warehouse or premises of the amount fixed.
- (2) If any owner, proprietor, or custodian of a bonded warehouse or premises fails to make the report required by KRS 132.130, the department~~[cabinet]~~ shall ascertain the necessary facts required to be reported. For that purpose the department~~[cabinet]~~ shall have access to the records of the owner, proprietor, or custodian; and the assessment shall be made and taxes collected thereon, with interest and penalties, as though regularly reported.
- (3) The assessment made under (1) of this section shall be reviewed according to KRS 131.110.

Section 180. KRS 132.150 is amended to read as follows:

Immediately after the valuation of the distilled spirits has been finally fixed, the

1 ~~department~~~~[cabinet]~~ shall certify to the county clerks of the respective counties the
 2 amount liable for county, city, or district taxation, and the date when the bonded period
 3 will expire on the spirits. The report shall be filed by the county clerk in his office, and
 4 certified by him to the proper collecting officer of the county, city, or taxing district for
 5 collection. The spirits, in addition to the tax for state purposes, shall be taxed for county,
 6 school, and city purposes at the prevailing rates of taxation on tangible personal property
 7 in the respective counties, school districts, and cities in which the spirits are stored, but
 8 the combined rate of taxation for city and school purposes in cities of the first class shall
 9 not exceed one dollar and twenty-five cents (\$1.25) on each one hundred dollars (\$100)
 10 of assessed value of the spirits.

11 Section 181. KRS 132.180 is amended to read as follows:

12 (1) Any person having custody of distilled spirits in a bonded warehouse or premises on
 13 the day as of which the assessment is made shall be liable for all taxes due thereon,
 14 together with all interest and penalties that may accrue. Any owner, proprietor, or
 15 custodian of such distilled spirits who pays the taxes, interest and penalties on the
 16 distilled spirits shall have a lien thereon for the amount paid, with legal interest
 17 from day of payment.

18 (2) Taxes on distilled spirits which are subject to the provisions of KRS 132.160(1)(a)
 19 shall become due and payable in the manner provided by KRS 134.020 except that
 20 taxes due the state shall be paid directly to the Department of Revenue~~[Cabinet]~~.

21 Section 182. KRS 132.216 is amended to read as follows:

22 (1) Every life insurance company organized under the laws of this state, or doing
 23 business in this state, shall by February 15 of each year make a true and correct
 24 report to the Department of Revenue~~[Cabinet]~~, on forms prescribed by the
 25 Department of Revenue~~[Cabinet]~~, verified by its president, secretary, treasurer, or
 26 other proper officer, giving the names and addresses of residents of this state
 27 entitled to proceeds of life insurance policies left on deposit with the insurance

1 company and subject to the right of withdrawal as of January 1 previous thereto,
 2 with the amount left on deposit in each individual's name, and other information as
 3 may be required by the Department of Revenue~~[Cabinet]~~ by regulation.

- 4 (2) Every life insurance company organized under the laws of this state, or doing
 5 business in this state, shall by February 15 of each year make a true and correct
 6 report to the Department of Revenue~~[Cabinet]~~, on forms prescribed by the
 7 Department of Revenue~~[Cabinet]~~, verified by its president, secretary, treasurer, or
 8 other proper officer, giving the name and address of any resident of this state who is
 9 the beneficiary of a policy or policies with the insurance company, subject to
 10 taxation under KRS 132.215, with the amount paid to the Kentucky resident during
 11 the twelve (12) months immediately preceding January 1, the age of the individual
 12 receiving these payments as of January 1, and such other information as the
 13 Department of Revenue~~[Cabinet]~~ may require by regulation.

14 Section 183. KRS 132.220 is amended to read as follows:

- 15 (1) Deposits belonging to a resident of Kentucky in any financial institution, as defined
 16 in KRS 136.500, and unmanufactured tobacco insofar as it is subject to taxation by
 17 KRS 132.190 and 132.200, shall be listed, assessed, and valued as of January 1 of
 18 each year. Money in hand shall be listed, assessed, and valued as of January 1 of
 19 each year. Notes, bonds, accounts, and other credits, whether secured by mortgage,
 20 pledge, or otherwise, or unsecured, and all interest in the property, unless otherwise
 21 provided by law, shall be listed, assessed, and valued as of the beginning of
 22 business on January 1 of each year. All other taxable property and all interest in
 23 other taxable property, unless otherwise specifically provided by law, shall be listed,
 24 assessed, and valued as of January 1 of each year. It shall be the duty of all persons
 25 owning or having any interest in any real property taxable in this state to list or have
 26 listed the property with the property valuation administrator of the county where it
 27 is located between January 1 and March 1 in each year, except as otherwise

provided by law. It shall be the duty of all persons owning or having any interest in any intangible personal property or tangible personal property taxable in this state to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department~~{cabinet}~~ between January 1 and May 15 in each year, except as otherwise prescribed by law. The filing date for an individual's intangible property tax return may be extended to the extended federal income filing date approved by the Internal Revenue Service for that individual. If an individual extends the filing date for the intangible return, no discount shall be allowed upon the payment of the intangible tax. All persons in whose name property is properly assessed shall remain bound for the tax, notwithstanding they may have sold or parted with it.

- (2) Any taxpayer may list his property in person before the property valuation administrator or his deputy, or may file a property tax return by first class mail. Any real property correctly and completely described in the assessment record for the previous year, or purchased during the preceding year and for which a value was stated in the deed according to the provisions of KRS 382.135, may be considered by the owner to be listed for the current year if no changes that could potentially affect the assessed value have been made to the property. However, if requested in writing by the property valuation administrator or by the department~~{cabinet}~~, any real property owner shall submit a property tax return to verify existing information or to provide additional information for assessment purposes. Any real property which has been underassessed as a result of the owner intentionally failing to provide information, or intentionally providing erroneous information, shall be subject to revaluation, and the difference in value shall be assessed as omitted property under the provisions of KRS 132.290.
- (3) If the owner fails to list the property, the property valuation administrator shall nevertheless assess it. The property valuation administrator may swear witnesses in

1 order to ascertain the person in whose name to make the list. The property valuation
2 administrator, his employee, or employees of the department~~{cabinet}~~ may
3 physically inspect and revalue land and buildings in the absence of the property
4 owner or resident. The exterior dimensions of buildings may be measured and
5 building photographs may be taken; however, with the exception of buildings under
6 construction or not yet occupied, an interior inspection of residential and farm
7 buildings, and of the nonpublic portions of commercial buildings shall not be
8 conducted in the absence or without the permission of the owner or resident.

9 (4) Real property shall be assessed in the name of the owner, if ascertainable by the
10 property valuation administrator, otherwise in the name of the occupant, if
11 ascertainable, and otherwise to "unknown owner." The undivided real estate of any
12 deceased person may be assessed to the heirs or devisees of the person without
13 designating them by name.

14 (5) Real property tax roll entries for which tax bills have not been collected at the
15 expiration of the one (1) year tolling period provided for in KRS 134.470, and for
16 which the property valuation administrator cannot physically locate and identify the
17 real property, shall be deleted from the tax roll and the assessment shall be
18 exonerated. The property valuation administrator shall keep a record of these
19 exonerations, which shall be open under the provisions of KRS 61.870 to 61.884. If,
20 at any time, one of these entries is determined to represent a valid parcel of property
21 it shall be assessed as omitted property under the provisions of KRS 132.290.
22 Notwithstanding other provisions of the Kentucky Revised Statutes to the contrary,
23 any loss of ad valorem tax revenue suffered by a taxing district due to the
24 exoneration of these uncollectable tax bills may be recovered through an adjustment
25 in the tax rate for the following year.

26 (6) All real property exempt from taxation by Section 170 of the Constitution shall be
27 listed with the property valuation administrator in the same manner and at the same

time as taxable real property. The property valuation administrator shall maintain an inventory record of the tax-exempt property, but the property shall not be placed on the tax rolls. A copy of this tax-exempt inventory shall be filed annually with the department~~[cabinet]~~ within thirty (30) days of the close of the listing period. This inventory shall be in the form prescribed by the department~~[cabinet]~~. The department~~[cabinet]~~ shall make an annual report itemizing all exempt properties to the Governor and the Legislative Research Commission within sixty (60) days of the close of the listing period.

(7) Each property valuation administrator, under the direction of the department~~[cabinet]~~, shall review annually all real property listed with him under subsection (6) of this section and claimed to be exempt from taxation by Section 170 of the Constitution. The property valuation administrator shall place on the tax rolls all property that is not exempt. Any property valuation administrator who fails to comply with this subsection shall be subject to the penalties prescribed in KRS 132.990(2).

Section 184. KRS 132.240 is amended to read as follows:

Individuals or corporations listing property for taxation with the property valuation administrator or the county board of supervisors shall reveal the face value of all intangibles listed, except cash or bank deposits, on the form prescribed by the Department of Revenue~~[Cabinet]~~ for listing intangible property. A reduction of fifty cents (\$0.50) shall be made from the property valuation administrator's compensation for each list he accepts upon which there is an omission to reveal the face value of any intangible property listed, except cash or bank deposits.

Section 185. KRS 132.260 is amended to read as follows:

Every person providing rental space for the parking of mobile homes and recreational vehicles shall by February 1 of each year report the name of the owner and type and size of all mobile homes and recreational vehicles not registered in this state under KRS

1 186.655 on his premises on the prior January 1 to the property valuation administrator of
2 the county in which the property is located. The report shall be made in accordance with
3 forms prescribed by the Department of Revenue~~[-Cabinet]~~ and shall be signed and
4 verified by the chief officer or person in charge of the business. The property valuation
5 administrator may make a personal inspection and investigation of the premises on which
6 mobile homes and recreational vehicles are located, for the purpose of identifying and
7 assessing such property. No person in charge of such premises shall refuse to permit the
8 inspection and investigation.

9 Section 186. KRS 132.285 is amended to read as follows:

10 (1) Except as provided in subsection (3) of this section, any city may by ordinance elect
11 to use the annual county assessment for property situated within such city as a basis
12 of ad valorem tax levies ordered or approved by the legislative body of the city. Any
13 city making such election shall notify the Department of Revenue~~[-Cabinet]~~ and
14 property valuation administrator prior to the next succeeding assessment to be used
15 for city levies. In such event the assessment finally determined for county tax
16 purposes shall serve as a basis of all city levies for the fiscal year commencing on or
17 after the county assessment date. Each city which elects to use the county
18 assessment shall annually appropriate and pay each fiscal year to the office of the
19 property valuation administrator for deputy and other authorized personnel
20 allowance, supplies, maps and equipment, and other authorized expenses of the
21 office one-half of one cent (\$0.005) for each one hundred dollars (\$100) of
22 assessment; provided, that sums paid shall not be less than two hundred fifty dollars
23 (\$250), nor more than forty thousand dollars (\$40,000) in a city having an
24 assessment subject to city tax of less than two billion dollars (\$2,000,000,000) or
25 fifty thousand dollars (\$50,000) in a city having an assessment subject to city tax of
26 more than two billion dollars (\$2,000,000,000). This allowance shall be based on
27 the assessment as of the previous January 1. Each property valuation administrator

1 shall file a claim with the city and the city shall order payment in an amount not to
 2 exceed the appropriation authorized by this section. The property valuation
 3 administrator shall be required to account for all moneys paid to his office by the
 4 city and any funds unexpended by the close of each fiscal year shall carry over to
 5 the next fiscal year. Notwithstanding any statutory provisions to the contrary, the
 6 assessment dates for such city shall conform to the corresponding dates for the
 7 county, and such city may by ordinance establish additional financial and tax
 8 procedures that will enable it effectively to adopt the county assessment. The
 9 legislative body of any city adopting the county assessment may fix the time for
 10 levying the city tax rate, fiscal year, due and delinquency dates for taxes and any
 11 other dates that will enable it effectively to adopt the county assessment,
 12 notwithstanding any statutory provisions to the contrary. Any such city may, by
 13 ordinance, abolish any office connected with city assessment and equalization;
 14 except that in the case of a city assessor who is elected by the qualified voters of the
 15 city, the office may not be abolished before the end of the term of such assessor.
 16 Any city which elects to use the county assessment shall have access to the
 17 assessment records as soon as completed and may obtain a copy of that portion of
 18 the records which represents the assessment of property within such city by
 19 additional payment of the cost thereof. Once any city elects to use the county
 20 assessment, such action cannot be revoked without notice to the Department of
 21 Revenue~~Cabinet~~ and the property valuation administrator six (6) months prior to
 22 the next date as of which property is assessed for state and county taxes.

23 (2) In the event any omitted property is assessed by the property valuation administrator
 24 as provided by KRS 132.310 such assessment shall be considered as part of the
 25 assessment adopted by the city according to subsection (1) of this section.

26 (3) For purposes of the levy and collection of ad valorem taxes on motor vehicles, cities
 27 shall use the assessment required to be made pursuant to KRS 132.487(5).

1 (4) Notwithstanding the provisions of subsection (1) of this section, each city which
 2 elects to use the county assessment for ad valorem taxes levied for 1996 or
 3 subsequent years, and which used the county assessment for ad valorem taxes levied
 4 for 1995, shall appropriate and pay to the office of the property valuation
 5 administrator for the purposes set out in subsection (1) of this section an amount
 6 equal to the amount paid to the office of the property valuation administrator in
 7 1995, or the amount required by the provisions of subsection (1) of this section,
 8 whichever is greater.

9 Section 187. KRS 132.310 is amended to read as follows:

10 (1) Any person who has failed to list for taxation any property omitted from
 11 assessment, except such as is subject to assessment by the Department of Revenue~~{~~
 12 ~~Cabinet}~~, may at any time list such property with the property valuation
 13 administrator. The property valuation administrator shall proceed to assess any
 14 omitted real property and shall within ten (10) days from the date the real property
 15 was listed notify the taxpayer of the amount of the assessment. The notice shall be
 16 given as provided in KRS 132.450(4). The Department of Revenue~~{ Cabinet}~~ shall
 17 assess any omitted personal property and provide notice to the taxpayer in the
 18 manner provided in KRS 131.110.

19 (2) The property valuation administrator may at any time list and assess any real
 20 property which may have been omitted from the regular assessment. Immediately
 21 upon listing and assessing omitted real property, the property valuation
 22 administrator shall notify the taxpayer of the amount of the assessment. The notice
 23 shall be given as provided in KRS 132.450(4). If the property valuation
 24 administrator fails to assess any omitted real property, the Department of Revenue~~{~~
 25 ~~Cabinet}~~ may initiate assessment and collection procedures under the same
 26 provisions it uses for omitted personal property.

27 (3) The notice to the taxpayer required by subsections (1) and (2) of this section shall

specify a date and time at which the county board of assessment appeals will hear the taxpayer's protest of the omitted assessment. For purposes of hearing appeals from omitted assessments the county judge/executive shall notify the chairman of the board of assessment appeals of the date set for hearing and may authorize one (1) member of the board to hear the appeal and issue a ruling of his decision on the assessment, which shall be appealable, to the Kentucky Board of Tax Appeals as provided by KRS 131.340(2).

- (4) Any property voluntarily listed as omitted property for taxation under this section shall be subject to penalties provided in KRS 132.290(3). Omitted property listed for taxation under this section by the property valuation administrator shall be subject to the penalties provided in KRS 132.290(4).

Section 188. KRS 132.320 is amended to read as follows:

- (1) Any person who has failed to list for taxation his intangible personal property or tangible personal property, in whole or in part, because he was not called upon by the property valuation administrator or for any other reason, may at any time list the property with the department~~{cabinet}~~ by reporting to the department~~{cabinet}~~ the full details and a correct description of the omitted property and its value. The department~~{cabinet}~~ may determine and fix the fair cash value, estimated at the price it would bring at a fair voluntary sale, of the property so reported and listed for taxation.

- (2) Any person dissatisfied with or aggrieved by the finding or ruling of the department~~{cabinet}~~ may appeal the finding or ruling in the manner provided in KRS 131.110.

- (3) The department~~{cabinet}~~ may promulgate administrative regulations, and develop forms for the listing and assessment of the property assessed or to be assessed for taxation. The tax assessed shall be paid to and collected by the department~~{cabinet}~~. Taxes collected by the department~~{cabinet}~~ on behalf of the county, school, and

1 other local taxing districts shall be distributed to each district at least quarterly.
 2 From each distribution, the department~~{cabinet}~~ shall deduct a fee which represents
 3 an allocation of department~~{cabinet}~~ operating and overhead expenses incurred in
 4 assessing and collecting the omitted tax. The fee shall be determined by the
 5 department~~{cabinet}~~ and shall apply to all omitted taxes collected after December
 6 31, 1997.

7 (4) All property assessed pursuant to this section shall be liable for the payment of the
 8 taxes, interest, and penalties provided by law for failure to list the property with the
 9 property valuation administrator or other assessment board, commission, or
 10 authority within the time and in the manner prescribed by law, except that if the
 11 taxpayer voluntarily lists property under this section the twenty percent (20%)
 12 penalty provided to be paid to the department~~{cabinet}~~ shall not apply, unless the
 13 taxpayer on an appeal from the action of the department~~{cabinet}~~ attempts to reduce
 14 the assessment and is unsuccessful.

15 (5) If after demand by the department~~{cabinet}~~, any taxpayer refuses to voluntarily list
 16 any intangible or tangible personal property omitted from assessment, the
 17 department~~{cabinet}~~ shall make an estimate of the fair cash value of the omitted
 18 intangible or tangible personal property from the information in its possession and
 19 assess the property for taxation and require payment of the taxes, penalties, and
 20 interest due to the state and local taxing districts from the person assessed. Notice of
 21 the assessment shall be mailed to the taxpayer or the taxpayer's agent. The finality
 22 and review of any assessment made pursuant to this section shall be governed by the
 23 provisions of KRS 131.110.

24 Section 189. KRS 132.330 is amended to read as follows:

25 The field agents, accountants and attorneys of the Department of Revenue~~{Cabinet}~~ shall
 26 cause to be listed for taxation all property omitted by the property valuation
 27 administrators, county board of assessment appeals, department~~{cabinet}~~ or any other

1 assessing authority, for any year omitted. The agent, accountant or attorney proposing to
2 have the property assessed shall file in the office of the county clerk of the county in
3 which the property may be liable to assessment a statement containing a description and
4 value of the property or corporate franchise proposed to be assessed, the name and place
5 of residence of the owner, his agent or attorney, or person in possession of the property, if
6 known, and the year the property was unassessed. The county clerk shall thereupon issue
7 a summons against the owner, or person in possession of the property if the owner is
8 unknown, to show cause within ten (10) days after the service of the summons, why the
9 property or corporate franchise shall not be assessed at the value named in the statement
10 filed. No decision shall be rendered against the alleged owner unless the statement filed
11 contains a description of the property sought to be assessed that will enable the county
12 judge/executive to identify it. The summons shall be executed by the sheriff by delivering
13 a copy thereof to the owner, or if he is not in the county to his agent, attorney or person in
14 possession of the property. If the property is real property, and the owner is known but is
15 absent from the state and has no attorney or agent in this state and no one is in possession
16 of the property, the summons shall be served by posting it in a conspicuous place upon
17 the property; if the property consists of tangible personal property the summons shall be
18 placed in a conspicuous place where the property is located. In the case of tangible and
19 intangible personal property, where the owner and his place of residence are unknown
20 and no one (1) has possession of the property, an action for assessment shall be instituted
21 by filing the petition above mentioned and procuring constructive service against the
22 owner under the provisions of rules 4.05, 4.06, 4.07 and 4.08 of the Rules of Civil
23 Procedure. In all of the above cases an attachment of the property omitted from
24 assessment may be procured from the District Court against the owner, at the time of the
25 institution of the action or thereafter, and without the execution of a bond by the
26 Commonwealth or its relator, by the representative of the Department of Revenue
27 ~~Cabinet~~ making an affidavit that the property described in the petition is subject to state,

1 county, school or other taxing district tax, and is unassessed for any taxable year.

2 Section 190. KRS 132.340 is amended to read as follows:

3 (1) Within ten (10) days after the summons has been served, or within thirty (30) days
 4 after the warning order against the defendant whose name and place of residence are
 5 unknown has been made, if it appears to the county judge/executive that the
 6 property is liable for taxation and has not been assessed, the county judge/executive
 7 shall enter an order fixing the value at the fair cash value estimated as required by
 8 law. The county judge/executive shall certify the assessment of the property and its
 9 value, together with such other facts as may be required by law or directed by the
 10 county judge/executive to appear in the order, to the Department of Revenue{
 11 ~~Cabinet~~} and to the sheriff of the county, together with the amount of penalty and
 12 cost of assessment, in order that the taxes due the state, county, school or any other
 13 taxing district may be collected, with the penalty and costs. If the property is not
 14 liable for taxes, the county judge/executive shall make an order to that effect. Either
 15 party may appeal from the decision of the county judge/executive to the Circuit
 16 Court, and then to the Court of Appeals as in other civil cases, except that no appeal
 17 bond shall be required where the appeal is by the commissioner{~~secretary~~} of
 18 revenue acting as the relator.

19 (2) If the owner of the property fails to pay the tax assessed, interest, penalties and
 20 costs, the lien under the attachment may be enforced and a sufficiency of the
 21 property sold to pay the obligation to the state, county, school or other taxing
 22 district. All persons owning property that is assessed as herein provided shall, in
 23 addition to the taxes and interest from the time the taxes should have been paid, pay
 24 the costs of the proceedings and a penalty of twenty percent (20%) on the amount of
 25 the taxes due, except where the property was duly listed and the taxes paid thereon
 26 within the time prescribed by law, and except where some different penalty is
 27 expressly provided by law.

1 (3) The taxes, costs and penalties shall be collected and accounted for as other taxes
 2 and penalties are required to be collected, and by the same officers. The county
 3 clerk shall enter all such assessments in a book to be kept for that purpose, showing
 4 the date of the assessment, the name of the person against whom the assessment is
 5 made, the location and description of the property assessed, and the value thereof.
 6 The officer collecting the taxes shall, when they are paid, notify the clerk of the
 7 payment, and the payment shall be noted by the clerk opposite the entry of the
 8 assessment.

9 Section 191. KRS 132.350 is amended to read as follows:

10 The county clerk shall, upon the filing of a statement by an agent, accountant or attorney
 11 of the Department of Revenue~~[Cabinet]~~ for the assessment of omitted property, enter the
 12 name of the person signing the statement as attorney for the department~~[cabinet]~~, and
 13 enter the name of the county attorney as attorney for the state, county, school and other
 14 taxing districts for which the commissioner~~[secretary]~~ of revenue is authorized to act as
 15 relator in such proceeding. The county attorney shall appear and prosecute or assist in the
 16 prosecuting of the proceeding in all the courts to which it may be taken for trial. If there is
 17 a judgment assessing the property for taxation, the judgment in each case shall recite
 18 whether or not the county attorney was present and assisted in the trial of the proceeding.
 19 When he is present and assists in the proceeding he shall be allowed as compensation for
 20 his services ten percent (10%) of the amount of state and county taxes assessed and
 21 collected pursuant to the judgment. The state and county shall be liable respectively for
 22 the payment only of the percentage allowance of compensation to the county attorney on
 23 the amount that each collects, and this shall be paid to the county attorney within thirty
 24 (30) days after the collection of the taxes, and charged against the fund to which the tax
 25 was credited.

26 Section 192. KRS 132.360 is amended to read as follows:

27 (1) Any assessment of accounts receivable, notes, or bonds or other intangible or

1 tangible personal property that were listed with the property valuation administrator
 2 or with the Department of Revenue~~[Cabinet]~~ as provided by KRS 132.220 may be
 3 reopened by the Department of Revenue~~[Cabinet]~~ within five (5) years after the
 4 due date of the return, unless the assessed value thereof is the face value in the case
 5 of accounts receivable and notes or the quoted value in the case of bonds, or has
 6 been established by a court of competent jurisdiction. If upon reopening the
 7 assessment the department~~[cabinet]~~ finds that the assessment was less than the fair
 8 cash value and should be increased, it shall give notice thereof to the taxpayer, who
 9 may within forty-five (45) days thereafter protest to the department~~[cabinet]~~ and
 10 offer evidence to show that no increase should be made. After the
 11 department~~[cabinet]~~ has disposed of the protest, the taxpayer may appeal from any
 12 such additional assessment as provided by KRS 131.110 and 131.340.

- 13 (2) Upon such assessment becoming final the department~~[cabinet]~~ shall certify the
 14 amount due to the taxpayer. The tax bill shall be handled and collected as an
 15 omitted tax bill, and the additional tax shall be subject to the same penalties and
 16 interest as the tax on omitted property voluntarily listed.

17 Section 193. KRS 132.370 is amended to read as follows:

- 18 (1) There shall be a property valuation administrator in each county in lieu of a county
 19 assessor. Property valuation administrators shall be state officials and all deputies
 20 and assistants of their offices shall be unclassified state employees.
- 21 (2) Property valuation administrators shall be elected in the year in which county
 22 elections are held and shall enter upon the discharge of the duties of their office on
 23 the first Monday in December after their election and continue in office for a period
 24 of four (4) years, and until the election and qualification of their successors.
 25 Property valuation administrators shall possess the qualifications required by
 26 Section 100 of the Constitution and by KRS 132.380 and shall be eligible for
 27 reelection.

- 1 (3) The property valuation administrators and all deputies and assistants of their offices
 2 who qualify as full-time employees shall be eligible for participation in the
 3 provisions of KRS 18A.205, 18A.230 to 18A.355, and 61.510 to 61.705.
- 4 (4) A property valuation administrator may be removed from office by the Circuit
 5 Court of his county, upon petition of any taxpayer, or by the
 6 commissioner~~secretary~~ of revenue for any of the following grounds: willful
 7 disobedience of any just or legal order of the department~~cabinet~~, or for
 8 misfeasance or malfeasance in office or willful neglect in the discharge of his
 9 official duties, including but not limited to intentional underassessment or
 10 overassessment of properties and chronic underassessment of properties. For
 11 purposes of this section and KRS 134.385, "chronic underassessment" shall mean a
 12 widespread pattern and practice of assessing properties at levels substantially below
 13 fair market value which persists for a period of two (2) or more years as disclosed
 14 by randomly selected sample appraisals conducted under the provisions of KRS
 15 133.250, special audits conducted pursuant to KRS 134.385, or other means.
- 16 (5) If the commissioner~~secretary~~ determines that a property valuation administrator
 17 should be removed from office, the property valuation administrator shall be
 18 notified in writing, and the notice of intent to remove shall state the specific reasons
 19 for removal. The notice shall also advise the property valuation administrator of his
 20 right to a preremoval conference and an administrative hearing.
- 21 (6) A property valuation administrator may request a preremoval conference to appear
 22 with or without counsel before the commissioner~~secretary~~ or his designee to
 23 answer the charges against him. The preremoval conference shall be requested in
 24 writing within six (6) working days of the date on which the notice of intent to
 25 remove is received, and a preremoval conference shall be scheduled within seven
 26 (7) working days of the date on which the request is received. The
 27 commissioner~~secretary~~ or his designee shall render a decision within five (5)

1 working days of the conclusion of the preremoval conference. Failure of a property
 2 valuation administrator to request a preremoval hearing shall not waive his right to
 3 contest his removal through an administrative hearing.

4 (7) If an action to remove a property valuation administrator is initiated by the
 5 commissioner~~[secretary]~~ of revenue, the property valuation administrator shall have
 6 the right to appeal and upon appeal an administrative hearing shall be conducted in
 7 accordance with KRS Chapter 13B. Appeal of the final order of the
 8 commissioner~~[secretary]~~ of revenue may be filed in a Circuit Court of an adjacent
 9 judicial circuit in accordance with KRS Chapter 13B, notwithstanding the
 10 provisions of KRS Chapter 18A.

11 (8) If a property valuation administrator is removed from office as provided in
 12 subsections (4) to (7) of this section, he shall be ineligible to serve in the office at
 13 any future date and shall forfeit any and all certification from the Department of
 14 Revenue~~[Cabinet]~~ pertaining to the office.

15 (9) Notwithstanding the provisions of KRS 18A.110(5)(c), the department~~[cabinet]~~
 16 shall promulgate administrative regulations allowing property valuation
 17 administrators and their deputies to receive lump-sum payments for accrued annual
 18 leave and compensatory time when separated from employment because of
 19 termination by the employer, resignation, retirement, or death.

20 Section 194. KRS 132.375 is amended to read as follows:

21 Whenever a vacancy occurs in the property valuation administrator's office, the
 22 commissioner~~[secretary]~~ of revenue shall designate a qualified department~~[cabinet]~~
 23 employee to carry on the duties of the office until the vacancy is filled by appointment or
 24 by election. The department~~[cabinet]~~ employee so designated shall be compensated from
 25 Department of Revenue~~[Cabinet]~~ funds in the same manner and at the same rate as
 26 compensated prior to his receiving the designation, plus necessary expenses, including
 27 travel. The individual shall have all the powers and be subject to all the administrative

1 regulations applying to property valuation administrators.

2 Section 195. KRS 132.380 is amended to read as follows:

- 3 (1) Before any person's name shall appear before the voters on election day as a
4 candidate for the office of property valuation administrator in any primary or
5 general election, except as a candidate to succeed himself in office, or before he
6 may be appointed property valuation administrator, except as an interim appointee
7 as provided by KRS 132.375, he shall hold a certificate issued by the Department
8 of Revenue~~[Cabinet]~~, showing that he has been examined by it and that he is
9 qualified for the office. All certificates issued shall expire one (1) year from the date
10 of issuance, except for the certificates issued to successful candidates of the 1997
11 exam. Those certificates shall remain valid until after the November, 1998 election.
12 The examinations shall be written and formulated so as to test fairly the ability and
13 fitness of the applicant to serve as property valuation administrator. The
14 Department of Revenue~~[Cabinet]~~ shall hold the examinations in at least one (1)
15 place in each Supreme Court district during the month of November of each year
16 immediately preceding each year in which property valuation administrators are to
17 be elected. The Department of Revenue~~[Cabinet]~~ shall advise each county attorney
18 of the time and place of the examination, and the county attorney shall post a notice
19 thereof in a conspicuous place in the courthouse two (2) weeks before the
20 examination is given. Any person desiring to take an examination shall appear at the
21 time and place designated.
- 22 (2) If, after the giving of the examination, as provided in subsection (1), there is only
23 one (1) person qualified to be a candidate in the county, the Department of
24 Revenue~~[Cabinet]~~ shall hold a second examination prior to the filing date in each
25 Supreme Court district where necessary. Applicants from only those counties
26 having not more than one (1) person qualified shall be eligible to take the
27 examination. Notice of the second examination shall be posted in the manner

1 provided in subsection (1).

2 (3) Whenever there is a vacancy in the office of property valuation administrator to be
 3 filled by appointment or by election, and there is not more than one (1) person
 4 holding a valid certificate and eligible for appointment or election, the Department
 5 of Revenue~~[Cabinet]~~ may hold a special examination for applicants seeking a
 6 certificate for the office. If, after the giving of a special examination, only one (1)
 7 person is qualified, the county judge/executive may request a second examination.
 8 Special examinations shall be held in the same manner as regular examinations.

9 (4) Examinations shall be given and graded in accordance with rules of the
 10 department~~[cabinet]~~ published at the time of the examination. Within ten (10) days
 11 after the examination, a certificate of fitness and qualification to fill the office of
 12 property valuation administrator shall be issued by the Department of Revenue~~[Cabinet]~~
 13 to each person passing the examination.

14 (5) Examination records shall be preserved by the department~~[cabinet]~~ for twelve (12)
 15 months after the examination, and the record of any person who took the
 16 examination may be seen by him at the office of the Department of Revenue~~[Cabinet]~~
 17 in Frankfort, Kentucky.

18 Section 196. KRS 132.385 is amended to read as follows:

19 (1) The department~~[cabinet]~~ shall develop and administer a program for the purpose of
 20 providing education and training in the technical, legal, and administrative aspects
 21 of property tax administration for property valuation administrators, deputy property
 22 valuation administrators, and department~~[cabinet]~~ employees. Courses may be
 23 created and taught by department~~[cabinet]~~ personnel or the department~~[cabinet]~~
 24 may adopt specific courses offered by appropriate professional organizations.

25 (2) The department~~[cabinet]~~ shall develop and administer, in cooperation with the
 26 property valuation administrators, a certification program for property valuation
 27 administrators, deputy property valuation administrators, and department~~[cabinet]~~

employees. A professional designation, "certified Kentucky assessor" (CKA), shall be awarded to those individuals successfully meeting the standards established by this program. Minimum requirements shall include one hundred twenty (120) hours of classroom instruction, passage of subject matter examinations, and three (3) years of experience in Kentucky property tax administration. An advanced designation, "senior Kentucky assessor" (SKA), shall be awarded to those individuals successfully completing an additional ninety (90) hours of classroom instruction, passage of subject matter examinations, and an additional two (2) years of experience in Kentucky property tax administration. Correspondence course credit administered by the department~~[cabinet]~~ may be substituted for no more than thirty (30) hours of the one hundred twenty (120) hours required for the "certified Kentucky assessor" (CKA) designation, and for no more than fifteen (15) hours of the additional ninety (90) hours required for the "senior Kentucky assessor" (SKA) designation.

Section 197. KRS 132.400 is amended to read as follows:

Before entering upon the duties of office, the property valuation administrator shall execute a bond conditioned upon the faithful performance of the duties of the office with a surety to be approved by the Department of Revenue~~[Cabinet]~~. In counties containing a city of the first class or consolidated local government, the bond shall be in the sum of one hundred thousand dollars (\$100,000); in counties containing a city of the second class, fifty thousand dollars (\$50,000); in all other counties, twenty thousand dollars (\$20,000).

Section 198. KRS 132.420 is amended to read as follows:

The property valuation administrator shall, subject to the direction, instruction, and supervision of the Department of Revenue~~[Cabinet]~~, make the assessment of all property in his county except as otherwise provided, prepare property assessment records, and have other powers and duties relating to assessment as may be prescribed by law or by the

1 department~~[cabinet]~~.

2 Section 199. KRS 132.450 is amended to read as follows:

3 (1) Each property valuation administrator shall assess at its fair cash value all property
4 which it is his duty to assess except as provided in paragraph (c) of subsection (2) of
5 this section. In the case of securities which are regularly bought and sold through
6 stock exchanges, the price at which such property closed on the last regular business
7 day preceding the assessment day shall be prima facie evidence of the fair cash
8 value of such property. The property of one (1) person shall not be assessed
9 willfully or intentionally at a lower or higher relative value than the same class of
10 property of another, and any grossly discriminatory valuation shall be construed as
11 an intentional discrimination. The property valuation administrator shall make every
12 effort, through visits with the taxpayer, personal inspection of the property, from
13 records, from his own knowledge, from information in property schedules, and from
14 such other evidence as he may be able to obtain, to locate, identify, and assess
15 property.

16 (2) (a) In determining the total area of land devoted to agricultural or horticultural
17 use, there shall be included the area of all land under farm buildings,
18 greenhouses and like structures, lakes, ponds, streams, irrigation ditches and
19 similar facilities, and garden plots devoted to growth of products for on-farm
20 personal consumption but there shall be excluded, land used in connection
21 with dwelling houses including, but not limited to, lawns, drives, flower
22 gardens, swimming pools, or other areas devoted to family recreation. Where
23 contiguous land in agricultural or horticultural use in one (1) ownership is
24 located in more than one (1) county or taxing district, compliance with the
25 minimum requirements shall be determined on the basis of the total area of
26 such land and not the area of land which is located in the particular county or
27 taxing district.

- 1 (b) Land devoted to agricultural or horticultural use, where the owner or owners
2 have petitioned for, and been granted, a zoning classification other than for
3 agricultural or horticultural purposes qualifies for the agricultural or
4 horticultural assessment until such time as the land changes from agricultural
5 or horticultural use to the use granted by the zoning classification.
- 6 (c) When the use of a part of a tract of land which is assessed as agricultural or
7 horticultural land is changed either by conveyance or other action of the
8 owner, the right of the remaining land to be retained in the agricultural or
9 horticultural assessment shall not be impaired provided it meets the minimum
10 requirements, except the minimum ten (10) contiguous acre requirement shall
11 not be applicable if any portion of the agricultural or horticultural land has
12 been acquired for a public purpose as long as the remaining land continues to
13 meet the other requirements of this section.
- 14 (d) When in the opinion of the property valuation administrator any land has a
15 value in excess of that for agricultural or horticultural use the property
16 valuation administrator shall enter into the tax records the value of the
17 property according to its fair cash value. When the property valuation
18 administrator determines that the land meets the requirements for valuation as
19 agricultural or horticultural land, the valuation for tax purposes shall be its
20 agricultural or horticultural value.
- 21 (3) When land which has been valued and taxed as agricultural land for five (5) or more
22 consecutive years under the same ownership fails to qualify for the classification
23 through no other action on the part of the owner or owners other than ceasing to
24 farm the land, the land shall retain its agricultural classification for assessment and
25 taxation purposes. Classification as agricultural land shall expire upon change of
26 use by the owner or owners or upon conveyance of the property to a person other
27 than a surviving spouse.

1 (4) If the property valuation administrator assesses any property, except stocks and
 2 bonds at the market value listed in recognized publications, at a greater value than
 3 that listed by the taxpayer or assesses unlisted property, the property valuation
 4 administrator shall serve notice on the taxpayer of such action. The notice shall be
 5 given by first-class mail or as provided in the Kentucky Rules of Civil Procedure.

6 (5) Any taxpayer may designate on the property schedule any property which he does
 7 not consider to be subject to taxation, and it shall be the duty of the property
 8 valuation administrator to obtain and follow advice from the department~~[cabinet]~~
 9 relative to the taxability of such property.

10 Section 200. KRS 132.460 is amended to read as follows:

11 The property valuation administrator, or an authorized deputy, shall attend all hearings
 12 before the county board of assessment appeals and before the Kentucky Board of Tax
 13 Appeals relative to his assessment and submit to examination and fully disclose to them
 14 such information as he may have and any other matters pertinent to the inquiry being
 15 made. He shall be entitled to reimbursement from the county for expenses incurred in
 16 official business outside his county. If the Department of Revenue~~[Cabinet]~~ directs him
 17 to perform official duties outside of his county, the expenses shall be paid from the
 18 appropriation for the payment of the salaries of the property valuation administrators.
 19 Such reimbursement shall be paid on the same basis as employees of the Commonwealth
 20 are paid for travel expenses.

21 Section 201. KRS 132.485 is amended to read as follows:

22 (1) (a) The registration of a motor vehicle with a county clerk in order to operate it or
 23 permit it to be operated upon the highways of the state shall be deemed
 24 consent by the registrant for the motor vehicle to be assessed by the property
 25 valuation administrator from a standard manual prescribed by the Department
 26 of Revenue~~[Cabinet]~~ for valuing motor vehicles for assessment unless the
 27 registrant appears before the property valuation administrator to assess the

1 vehicle. The standard value of motor vehicles shall be the average trade-in
 2 value prescribed by the valuation manual unless information is available that
 3 warrants any deviation from the standard value.

4 (b) The registration of a recreational vehicle with the county clerk in order to
 5 operate it or permit it to be operated upon the highways shall be deemed
 6 consent by the registrant thereof for the recreational vehicle to be assessed by
 7 the property valuation administrator at a valuation determined from a standard
 8 manual prescribed by the Department of Revenue~~[-Cabinet]~~ for valuing
 9 recreational vehicles for assessment unless the registrant appears in person
 10 before the property valuation administrator to assess the vehicle.

11 (2) The registration of a motor vehicle on or before the date that the registration of the
 12 vehicle is required is prima facie evidence of ownership on January 1.

13 (3) This section does not apply to motor vehicles or recreational vehicles owned and
 14 operated by public service companies, common carriers, or agencies of the state and
 15 federal governments.

16 Section 202. KRS 132.486 is amended to read as follows:

17 (1) The Department of Revenue~~[-Cabinet]~~ shall develop and administer a centralized
 18 ad valorem assessment system for intangible personal property and tangible
 19 personal property. This system shall be designed to provide on-line computer
 20 terminals and accessory equipment in every property valuation administrator's office
 21 in the state in order to create and maintain a centralized personal property tax roll
 22 database.

23 (2) State income tax returns and return preparation instructions shall be revised to
 24 facilitate the preparation of the personal property tax return; however, the personal
 25 property tax return shall be a separate document and shall be listed with the property
 26 valuation administrator in the county of taxable situs according to the provisions of
 27 KRS 132.220(1) or with the Department of Revenue~~[-Cabinet]~~. The Department of

1 Revenue~~[Cabinet]~~ shall promulgate administrative regulations and develop forms
2 for the listing and assessment of personal property.

3 (3) Appeals of personal property assessments shall not be made to the county board of
4 assessment appeals. Personal property taxpayers shall be served notice under the
5 provisions of KRS 132.450(4) and shall have the protest and appeal rights granted
6 under the provision of KRS 131.110.

7 (4) No appeal shall delay the collection or payment of taxes based upon the assessment
8 in controversy. The taxpayer shall pay all state, county, and district taxes due on the
9 valuation which the taxpayer claims as the true value as stated in a protest filed
10 under KRS 131.110. When the valuation is finally determined upon appeal, the
11 taxpayer shall be billed for any additional tax and interest at the tax interest rate as
12 defined in KRS 131.010(6), from the date the tax would have become due if no
13 appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

14 Section 203. KRS 132.487 is amended to read as follows:

15 (1) The department~~[cabinet]~~ shall develop and administer a centralized ad valorem tax
16 system for all motor vehicles as defined in KRS 186.010. This system shall be
17 designed to allow the collection of state, county, city, urban-county government,
18 school, and special taxing district ad valorem taxes due on each motor vehicle at the
19 time of registration of the motor vehicle by the party charged with issuing the
20 registration. The department~~[cabinet]~~ shall supervise and instruct the property
21 valuation administrators and other officials with respect to their duties in relation to
22 this system.

23 (2) Except as otherwise provided by law, the tax rate levied by the state, counties,
24 schools, cities, and special tax districts on motor vehicles shall not exceed the rate
25 that could have been levied on motor vehicles by the district on the January 1, 1983
26 assessments. All counties, schools, cities, and special taxing districts proposing to
27 levy an ad valorem tax on motor vehicles shall submit to the department~~[cabinet]~~

on or before October 1 of the year preceding the assessment date, the tax rate to be levied against valuations as of that assessment date. Any district that fails to timely submit the tax rate shall receive the rate in effect for the prior year.

(3) The compensating tax rate and maximum possible tax rate allowable for counties, schools, cities, and special taxing districts on property other than motor vehicles for the 1984 and subsequent tax periods shall be calculated excluding all valuations of and tax revenues from motor vehicles from the base amounts used in arriving at these general rates.

(4) The Transportation Cabinet shall provide access to all records of motor vehicle registrations to the department~~[cabinet]~~ and the property valuation administrators as necessary to prepare and maintain a complete tax roll of motor vehicles throughout each year.

(5) The property valuation administrator shall, subject to the direction, instruction, and supervision of the department~~[cabinet]~~, have responsibility for assessing all motor vehicles other than those assessed under KRS Chapter 136 as part of public service companies. The department~~[cabinet]~~ may provide standard valuation guidelines for use in valuation of motor vehicles.

(6) The property valuation administrator shall provide to the department~~[cabinet]~~ by December 1 of each year a recapitulation of motor vehicles to be assessed as of January 1 of the next year.

(7) Procedures for protest, appeal, and correction of erroneous assessments shall be the same for motor vehicles as for other properties subject to ad valorem taxes.

Section 204. KRS 132.490 is amended to read as follows:

(1) Each county clerk shall, by March 1 of each year, unless the time is extended by the Department of Revenue~~[-Cabinet]~~, make and certify to the various property valuation administrators complete statements of all purchase money notes, mortgage notes and other obligations for money due, except those owned by banks,

1 trust companies or real estate title insurance companies, as shown by the
 2 conveyances, mortgages and liens in his office. The statements shall distinctly show
 3 the dates of execution and maturity of the notes or other evidences of indebtedness,
 4 the consideration, the date of filing or recording, the amount, and the county of the
 5 residence of the owner, payee, beneficial holder thereof or other person liable for
 6 taxes thereon.

7 (2) The statements shall be made to each property valuation administrator of the state as
 8 to the notes or other evidences of indebtedness owned or held by persons residing or
 9 having their principal place of business in the county of that property valuation
 10 administrator. Each statement shall cover a period of one (1) year next prior to
 11 January 1 of each year. The statements shall be sworn to by the clerk before some
 12 person authorized to administer oaths, as a complete statement of the facts.

13 (3) For his services in making these statements, the clerk shall be paid reasonable
 14 compensation by the fiscal court of his county.

15 Section 205. KRS 132.510 is amended to read as follows:

16 Every executor, administrator, guardian, conservator, trustee, trustee in bankruptcy,
 17 receiver or other person acting in a fiduciary capacity shall, when required, file with the
 18 Department of Revenue~~-cabinet~~ a sworn inventory showing in detail the amount and
 19 character of personal property in his hands, unless the inventory has been filed as a public
 20 record in the court in which the fiduciary qualifies. The department~~-cabinet~~ may
 21 examine the books and accounts of any person acting in a fiduciary capacity. No fiduciary
 22 shall receive a final discharge until he has satisfied the court settling his accounts that all
 23 taxes against the estate have been paid.

24 Section 206. KRS 132.520 is amended to read as follows:

25 (1) Every bank, trust company, combined bank and trust company, and real estate title
 26 insurance company doing business in this state shall, by February 1 of each year,
 27 unless the time is extended by the Department of Revenue~~-Cabinet~~, file with the

1 department~~[cabinet]~~ a report sworn to by its president, vice president, treasurer, or
 2 cashier, showing as of January 1 of each year:

- 3 (a) A list of the notes, bonds, or other evidences of indebtedness secured by
 4 mortgage or other recorded instrument standing in its name of record that it
 5 has assigned or transferred during the preceding year without making a
 6 transfer of record, the amount of each, and the name and address of the person
 7 to whom each was assigned. Where the name and address of the transferee
 8 holding the securities on January 1 of any year is given, any previous transfers
 9 of the securities during that year need not be furnished.
- 10 (b) A list of the mortgages standing in its name on January 1 that were assigned of
 11 record to it during the preceding year with its knowledge and consent, where it
 12 has not become the absolute owner of the debt secured thereby, showing the
 13 amount of each such mortgage and the name and address of each assignor.
 14 Any mortgage assigned to it during any year and paid and released of record
 15 prior to January 1 need not be included in the report.
- 16 (c) A list of all debenture bonds, collateral trust bonds, notes, certificates, and
 17 other evidences of indebtedness issued, assigned, or transferred by it during
 18 the preceding year that are secured by and represent the beneficial interest in
 19 lien notes, bonds, or mortgages standing in its name of record, the amount of
 20 each such evidence of indebtedness, and the name and address of the person to
 21 whom each was assigned or transferred. Where the name and address of the
 22 transferee holding the securities on January 1 of any year is given, any
 23 previous transfer or assignment of the securities need not be furnished.
- 24 (d) A list of all lien notes, bonds, mortgages, certificates, and other evidences of
 25 indebtedness that it has assigned or transferred to any person as security for
 26 the issuing of any debenture or collateral trust bonds, the amount of each, and
 27 the name and address of the person to whom each was assigned.

1 (2) The reports required under paragraphs (a) and (b) of subsection (1) of this section
 2 need not include sales or pledges from one (1) bank, trust company, or combined
 3 bank and trust company to another bank or company, or notes or obligations secured
 4 by any recorded instrument executed to a bank, trust company, or a combined bank
 5 and trust company in which the obligations secured by the instrument are divided
 6 among estates or accounts in charge of the bank or company and regularly and
 7 properly entered on its records. The provisions of this section do not apply to
 8 mortgages made by corporations to trustees to secure bond issues made by them in
 9 the regular course of business, except as provided in paragraph (c) of subsection (1)
 10 of this section.

11 (3) The information thus obtained shall be communicated by the department~~cabinet~~
 12 to the property valuation administrator and the board of assessment appeals of the
 13 respective counties in which the true owners of the debts reside.

14 Section 207. KRS 132.550 is amended to read as follows:

15 (1) After the county clerk has completed the services required of him upon delivery of
 16 the tax rolls and schedules to him by the property valuation administrator, he shall
 17 then calculate the taxes due the state, county, school, county polls, and school polls,
 18 for each individual taxpayer, opposite their name in the tax rolls, upon the form
 19 prescribed by the Department of Revenue~~Cabinet~~. The rolls and forms shall be a
 20 permanent record of the county clerk's office.

21 (2) For performing the services required by this section the county clerk shall be paid
 22 the sum of fifteen cents (\$0.15) for each tax list on the tax rolls, one-half (1/2) of
 23 this sum to be paid by the state, and the other one-half (1/2) to be paid by the
 24 county.

25 Section 208. KRS 132.570 is amended to read as follows:

26 (1) No person shall willfully make a false statement, or, to avoid taxation, make a
 27 temporary investment in securities exempt from taxation, or convert any intangible

property into nontaxable property outside of this state, or resort to any device to evade taxation. Any person doing so shall be subject to three (3) times the amount of tax upon his property, to be recovered by the sheriff by action in the name of the Commonwealth in the county in which the property is liable for taxation, or by the Department of Revenue~~[Cabinet]~~, when the taxes are payable to it, in the Franklin Circuit Court.

- (2) No person shall transfer or assign of record any mortgage note, bond or other evidence of indebtedness, secured by any recorded instrument, for the sole purpose of evading the taxes thereon.

Section 209. KRS 132.590 is amended to read as follows:

- (1) The compensation of the property valuation administrator shall be based on the schedule contained in subsection (2) of this section as modified by subsection (3) of this section. The compensation of the property valuation administrator shall be calculated by the Department of Revenue~~[Cabinet]~~ annually. Should a property valuation administrator for any reason vacate the office in any year during his term of office, he shall be paid only for the calendar days actually served during the year.
- (2) The salary schedule for property valuation administrators provides for nine (9) levels of salary based upon the population of the county in the prior year as determined by the United States Department of Commerce, Bureau of the Census annual estimates. To implement the salary schedule, the department~~[cabinet]~~ shall, by November 1 of each year, certify for each county the population group applicable to each county based on the most recent estimates of the United States Department of Commerce, Bureau of the Census. The salary schedule provides four (4) steps for yearly increments within each population group. Property valuation administrators shall be paid according to the first step within their population group for the first year or portion thereof they serve in office. Thereafter, each property valuation administrator, on January 1 of each subsequent year, shall be advanced

1 automatically to the next step in the salary schedule until the maximum salary figure
 2 for the population group is reached. If the county population as certified by the
 3 ~~department~~~~cabinet~~ increases to a new group level, the property valuation
 4 administrator's salary shall be computed from the new group level at the beginning
 5 of the next year. A change in group level shall have no affect on the annual change
 6 in step. Prior to assuming office, any person who has previously served as a
 7 property valuation administrator must certify to the Department of Revenue~~Cabinet~~
 8 the total number of years, not to exceed four (4) years, that the person has
 9 previously served in the office. The ~~department~~~~cabinet~~ shall place the person in
 10 the proper step based upon a formula of one (1) incremental step per full calendar
 11 year of service:

12 SALARY SCHEDULE

13	County Population	Steps and Salary			
14	by Group	for Property Valuation Administrators			
15	Group I	Step 1	Step 2	Step 3	Step 4
16	0-4,999	\$45,387	\$46,762	\$48,137	\$49,513
17	Group II				
18	5,000-9,999	49,513	50,888	52,263	53,639
19	Group III				
20	10,000-19,999	53,639	55,014	56,389	57,765
21	Group IV				
22	20,000-29,999	55,702	57,765	59,828	61,891
23	Group V				
24	30,000-44,999	59,828	61,891	63,954	66,017
25	Group VI				
26	45,000-59,999	61,891	64,641	67,392	70,143
27	Group VII				

1	60,000-89,999	66,017	68,768	71,518	74,269
2	Group VIII				
3	90,000-499,999	68,080	71,518	74,957	78,395
4	Group IX				
5	500,000 and up	72,206	75,644	79,083	82,521

6 (3) (a) For calendar year 2000, the salary schedule in subsection (2) of this section
7 shall be increased by the amount of increase in the annual consumer price
8 index as published by the United States Department of Commerce for the year
9 ended December 31, 1999. This salary adjustment shall take effect on July 14,
10 2000, and shall not be retroactive to the preceding January 1.

11 (b) For each calendar year beginning after December 31, 2000, upon publication
12 of the annual consumer price index by the United States Department of
13 Commerce, the annual rate of salary for the property valuation administrator
14 shall be determined by applying the increase in the consumer price index to
15 the salary in effect for the previous year. This salary determination shall be
16 retroactive to the preceding January 1.

17 (c) In addition to the step increases based on service in office, each property
18 valuation administrator shall be paid an annual incentive of six hundred
19 eighty-seven dollars and sixty-seven cents (\$687.67) per calendar year for
20 each forty (40) hour training unit successfully completed based on continuing
21 service in that office and, except as provided in this subsection, completion of
22 at least forty (40) hours of approved training in each subsequent calendar year.
23 If a property valuation administrator fails without good cause, as determined
24 by the commissioner~~[secretary]~~ of the Kentucky Department of Revenue~~[~~
25 ~~Cabinet]~~, to obtain the minimum amount of approved training in any year, the
26 officer shall lose all training incentives previously accumulated. No property
27 valuation administrator shall receive more than one (1) training unit per

- 1 calendar year nor more than four (4) incentive payments per calendar year.
- 2 Each property valuation administrator shall be allowed to carry forward up to
- 3 forty (40) hours of training credit into the following calendar year for the
- 4 purpose of satisfying the minimum amount of training for that year. This
- 5 amount shall be increased by the consumer price index adjustments prescribed
- 6 in paragraphs (a) and (b) of this subsection. Each training unit shall be
- 7 approved and certified by the Kentucky Department of Revenue~~[Cabinet]~~.
- 8 Each unit shall be available to property valuation administrators in each office
- 9 based on continuing service in that office. The Kentucky Department of
- 10 Revenue~~[Cabinet]~~ shall promulgate administrative regulations in accordance
- 11 with KRS Chapter 13A to establish guidelines for the approval and
- 12 certification of training units.
- 13 (4) Notwithstanding any provision contained in this section, no property valuation
- 14 administrator holding office on July 14, 2000, shall receive any reduction in salary
- 15 or reduction in adjustment to salary otherwise allowable by the statutes in force on
- 16 July 14, 2000.
- 17 (5) Deputy property valuation administrators and other authorized personnel may be
- 18 advanced one (1) step in grade upon completion of twelve (12) months' continuous
- 19 service. The Department of Revenue~~[Cabinet]~~ may make grade classification
- 20 changes corresponding to any approved for department~~[cabinet]~~ employees in
- 21 comparable positions, so long as the changes do not violate the integrity of the
- 22 classification system. Subject to availability of funds, the department~~[cabinet]~~ may
- 23 extend cost-of-living increases approved for department~~[cabinet]~~ employees to
- 24 deputy property valuation administrators and other authorized personnel, by
- 25 advancement in grade.
- 26 (6) Beginning with the 1990-1992 biennium, the Department of Revenue~~[Cabinet]~~
- 27 shall prepare a biennial budget request for the staffing of property valuation

administrators' offices. An equitable allocation of employee positions to each property valuation administrator's office in the state shall be made on the basis of comparative assessment work units. Assessment work units shall be determined from the most current objective information available from the United States Bureau of the Census and other similar sources of unbiased information. Beginning with the 1996-1998 biennium, assessment work units shall be based on parcel count per employee. The total sum allowed by the state to any property valuation administrator's office as compensation for deputies, other authorized personnel, and for other authorized expenditures shall not exceed the amount fixed by the Department of Revenue~~[Cabinet]~~. However, each property valuation administrator's office shall be allowed as a minimum such funds that are required to meet the federal minimum wage requirements for two (2) full-time deputies.

(7) Beginning with the 1990-1992 biennium each property valuation administrator shall submit by June 1 of each year for the following fiscal year to the Department of Revenue~~[Cabinet]~~ a budget request for his office which shall be based upon the number of employee positions allocated to his office under subsection (6) of this section and upon the county and city funds available to his office and show the amount to be expended for deputy and other authorized personnel including employer's share of FICA and state retirement, and other authorized expenses of the office. The Department of Revenue~~[Cabinet]~~ shall return to each property valuation administrator, no later than July 1, an approved budget for the fiscal year.

(8) Each property valuation administrator may appoint any persons approved by the Department of Revenue~~[Cabinet]~~ to assist him in the discharge of his duties. Each deputy shall be more than twenty-one (21) years of age and may be removed at the pleasure of the property valuation administrator. The salaries of deputies and other authorized personnel shall be fixed by the property valuation administrator in accordance with the grade classification system established by the Department of

Revenue~~[Cabinet]~~ and shall be subject to the approval of the Department of Revenue~~[Cabinet]~~. The Personnel Cabinet shall provide advice and technical assistance to the Department of Revenue~~[Cabinet]~~ in the revision and updating of the personnel classification system, which shall be equitable in all respects to the personnel classification systems maintained for other state employees. Any deputy property valuation administrator employed or promoted to a higher position may be examined by the Department of Revenue~~[Cabinet]~~ in accordance with standards of the Personnel Cabinet, for the position to which he is being appointed or promoted. No state funds available to any property valuation administrator's office as compensation for deputies and other authorized personnel or for other authorized expenditures shall be paid without authorization of the Department of Revenue~~[Cabinet]~~ prior to the employment by the property valuation administrator of deputies or other authorized personnel or the incurring of other authorized expenditures.

- (9) Each county fiscal court shall annually appropriate and pay each fiscal year to the office of the property valuation administrator as its cost for use of the assessment, as required by KRS 132.280, an amount determined as follows:

Assessment Subject to

County Tax of:

At Least	But Less Than	Amount
----	\$100,000,000	\$0.005 for each \$100 of the first \$50,000,000 and \$0.002 for each \$100 over \$50,000,000.
\$100,000,000	150,000,000	\$0.004 for each \$100 of the first \$100,000,000 and \$0.002 for each \$100 over \$100,000,000.
150,000,000	300,000,000	\$0.004 for each \$100 of the first

\$150,000,000 and \$0.003 for each \$100 over \$150,000,000.

300,000,000 ---- \$0.004 for each \$100.

(10) The total sum to be paid by the fiscal court to any property valuation administrator's office under the provisions of subsection (9) of this section shall not exceed the limits set forth in the following table:

Assessed Value of Property Subject to
County Tax of:

9	At Least	But Less Than	Limit
10	----	\$700,000,000	\$25,000
11	\$700,000,000	1,000,000,000	35,000
12	1,000,000,000	2,000,000,000	50,000
13	2,000,000,000	2,500,000,000	75,000
14	2,500,000,000	5,000,000,000	100,000
15	5,000,000,000	-----	175,000

This allowance shall be based on the assessment as of the previous January 1 and shall be used for deputy and other personnel allowance, supplies, maps and equipment, travel allowance for the property valuation administrator and his deputies and other authorized personnel, and other authorized expenses of the office.

(11) Annually, after appropriation by the county of funds required of it by subsection (9) of this section, and no later than August 1, the property valuation administrator shall file a claim with the county for that amount of the appropriation specified in his approved budget for compensation of deputies and assistants, including employer's shares of FICA and state retirement, for the fiscal year. The amount so requested shall be paid by the county into the State Treasury by September 1, or paid to the property valuation administrator and be submitted to the State Treasury by

1 September 1. These funds shall be expended by the Department of Revenue
2 ~~Cabinet~~ only for compensation of approved deputies and assistants and the
3 employer's share of FICA and state retirement in the appropriating county. Any
4 funds paid into the State Treasury in accordance with this provision but unexpended
5 by the close of the fiscal year for which they were appropriated shall be returned to
6 the county from which they were received.

7 (12) After submission to the State Treasury or to the property valuation administrator of
8 the county funds budgeted for personnel compensation under subsection (11) of this
9 section, the fiscal court shall pay the remainder of the county appropriation to the
10 office of the property valuation administrator on a quarterly basis. Four (4) equal
11 payments shall be made on or before September 1, December 1, March 1, and June
12 1 respectively. Any unexpended county funds at the close of each fiscal year shall
13 be retained by the property valuation administrator, except as provided in KRS
14 132.601(2). During county election years the property valuation administrator shall
15 not expend in excess of forty percent (40%) of the allowances available to his office
16 from county funds during the first five (5) months of the fiscal year in which the
17 general election is held.

18 (13) The provisions of this section shall apply to urban-county governments and
19 consolidated local governments. In an urban-county government and a consolidated
20 local government, all the rights and obligations conferred on fiscal courts or
21 consolidated local governments by the provisions of this section shall be exercised
22 by the urban-county government or consolidated local government.

23 (14) When an urban-county form of government is established through merger of
24 existing city and county governments as provided in KRS Chapter 67A or when a
25 consolidated local government is established through merger of existing city and
26 county governments as provided by KRS Chapter 67C, the annual county
27 assessment shall be presumed to have been adopted as if the city had exercised the

option to adopt as provided in KRS 132.285, and the annual amount to be appropriated to the property valuation administrator's office shall be the combined amount that is required of the county under this section and that required of the city under KRS 132.285, except that the total shall not exceed one hundred thousand dollars (\$100,000) for any urban-county government or consolidated local government with an assessment subject to countywide tax of less than three billion dollars (\$3,000,000,000), one hundred twenty-five thousand dollars (\$125,000) for an urban-county government or consolidated local government with an assessment subject to countywide tax between three billion dollars (\$3,000,000,000) and five billion dollars (\$5,000,000,000), and two hundred thousand dollars (\$200,000) for an urban-county government or consolidated local government with an assessment subject to countywide tax in excess of five billion dollars (\$5,000,000,000). For purposes of this subsection, the amount to be considered as the assessment for purposes of KRS 132.285 shall be the amount subject to taxation for full urban services.

(15) Notwithstanding the provisions of subsection (9) of this section, the amount appropriated and paid by each county fiscal court to the office of the property valuation administrator for 1996 and subsequent years shall be equal to the amount paid to the office of the property valuation administrator for 1995, or the amount required by the provisions of subsections (9) and (10) of this section, whichever is greater.

Section 210. KRS 132.597 is amended to read as follows:

(1) The property valuation administrator of each county shall receive an annual expense allowance of three thousand six hundred dollars (\$3,600) to be paid from the State Treasury in monthly installments of three hundred dollars (\$300). Property valuation administrators shall not be required to keep records verifying expenditures from this expense allowance.

1 (2) The expense allowance provided in subsection (1) of this section shall be used by
 2 the property valuation administrator for expenses incurred in the performance of his
 3 duties. The allowance is to provide the necessary funds for payment of all
 4 expenditures of the property valuation administrator not directly associated with the
 5 assessment of property in his particular county.

6 (3) Each property valuation administrator shall annually, within each calendar year,
 7 participate in a minimum of thirty (30) classroom hours of professional instruction
 8 conducted or approved by the Department of Revenue~~[Cabinet]~~. Any property
 9 valuation administrator failing to meet the department's~~[cabinet's]~~ requirements for
 10 any calendar year shall not receive the three thousand six hundred dollar (\$3,600)
 11 annual expense allowance provided in subsection (1) of this section for the
 12 subsequent calendar year.

13 (4) The annual requirement for participation in classroom instruction shall be reduced
 14 to fifteen (15) hours for any property valuation administrator awarded the "senior
 15 Kentucky assessor" (SKA) professional designation under the provisions of KRS
 16 132.385.

17 Section 211. KRS 132.601 is amended to read as follows:

18 (1) The property valuation administrator of any county may, after receiving an
 19 approved budget from the Department of Revenue~~[Cabinet]~~ under the provisions
 20 of KRS 132.590, obligate and spend any of the local funds accruing to his office
 21 under the provisions of KRS 132.590 or KRS 132.285, over and above that actually
 22 used in compensating his deputies and assistants, for the purchase of any maps,
 23 lists, charts, materials, supplies or equipment, or for other expenses necessary to the
 24 proper assessment of property or preparation and maintenance of assessment rolls
 25 and records.

26 (2) The property valuation administrator shall maintain a bank account for the
 27 management of local funds received by his office under the provisions of KRS

1 132.590 and 132.285. Beginning with the 1990-1992 biennium, at the end of each
 2 fiscal year a cumulative carryover of local funds equivalent to the total annual local
 3 appropriation for the ending fiscal year or five thousand dollars (\$5,000), whichever
 4 is greater, shall be retained. Any funds in excess of this amount shall be refunded by
 5 the property valuation administrator no later than August 1 to the appropriating
 6 local governments in direct proportion to their respective appropriations.

- 7 (3) Expenditures made by the office of the property valuation administrator under the
 8 provisions of subsection (1) of this section shall be governed by procurement
 9 procedures adopted by the fiscal court in the county administrative code required by
 10 KRS 68.005. However, after approval of the annual budget for the office of the
 11 property valuation administrator provided in KRS 132.590 by the Department of
 12 Revenue~~Cabinet~~, the necessity of the expenditure shall not be questioned by the
 13 fiscal court. The Department of Revenue~~Cabinet~~ shall have neither authority nor
 14 responsibility in the auditing of expenditures made by the property valuation
 15 administrator from locally appropriated funds. The Auditor of Public Accounts shall
 16 assume the responsibility.

17 Section 212. KRS 132.605 is amended to read as follows:

- 18 (1) The fiscal court of each county shall have jurisdiction and the power to purchase
 19 and supply to the property valuation administrator any maps, lists, charts, materials,
 20 supplies, equipment or instruments which are reasonably necessary for a complete
 21 and accurate assessment of property in the county. The Department of Revenue~~Cabinet~~
 22 ~~Cabinet~~ is authorized to purchase and loan any property valuation administrator
 23 such maps, lists, charts, materials, supplies, equipment or instruments as are
 24 urgently needed by any property valuation administrator, provided that the
 25 Department of Revenue~~Cabinet~~ keeps a record thereof.
- 26 (2) The fiscal court of any county shall provide for the maintenance of all maps, lists,
 27 charts, materials, supplies, equipment or instruments owned by a county or supplied

1 to it by the Department of Revenue~~[Cabinet]~~ or by any source in cooperation with
2 the Department of Revenue~~[Cabinet]~~ for the purpose of facilitating the assessment
3 of property.

4 Section 213. KRS 132.620 is amended to read as follows:

- 5 (1) The Department of Revenue~~[Cabinet]~~ shall recover from any property valuation
6 administrator all compensation paid to him for assessments that were unauthorized
7 or excessive when and to the extent it is determined by a final order of the board of
8 assessment appeals, Kentucky Board of Tax Appeals, or a court of competent
9 jurisdiction that such assessments were unauthorized or excessive. Whenever the
10 property valuation administrator fails to render the services required of him or he
11 performs any of his duties in such a manner as to fail to comply substantially with
12 the requirements of the law, he shall be required to pay a sum that will reasonably
13 compensate the Commonwealth of Kentucky for its costs in rendering the duties
14 required to be performed by the property valuation administrator. The Department
15 of Revenue~~[Cabinet]~~ shall notify the property valuation administrator by certified
16 mail, return receipt requested, of any amount charged to be due under this section
17 and a statement of the reasons therefor. The property valuation administrator shall
18 be entitled to a hearing before the Kentucky Board of Tax Appeals, and an appeal
19 may be taken from the final action of the Kentucky Board of Tax Appeals to the
20 courts as provided by law.

- 21 (2) Any sum that may become due from any property valuation administrator by reason
22 of this section may be deducted from any amount that the Commonwealth of
23 Kentucky may become obliged to pay such property valuation administrator, or it
24 may be collected from the bondsman of the property valuation administrator.

25 Section 214. KRS 132.645 is amended to read as follows:

- 26 (1) The property valuation administrator of each county shall be paid from the State
27 Treasury each month as provided in KRS 132.590.

1 (2) Deputies, other authorized personnel, and other authorized expenditures of the
 2 property valuation administrator's office shall be paid from the State Treasury
 3 monthly as approved by the Department of Revenue~~[Cabinet]~~ as provided in KRS
 4 132.590 (2).

5 Section 215. KRS 132.645 is amended to read as follows:

6 (1) The property valuation administrator of each county shall be paid from the State
 7 Treasury each month as provided in KRS 132.590.

8 (2) Deputies, other authorized personnel, and other authorized expenditures of the
 9 property valuation administrator's office shall be paid from the State Treasury
 10 monthly as approved by the Department of Revenue~~[Cabinet]~~ as provided in KRS
 11 132.590 (2).

12 Section 216. KRS 132.660 is amended to read as follows:

13 (1) The Department of Revenue~~[Cabinet]~~ shall have authority to order an emergency
 14 assessment of all or any part of the taxable property in any taxing district to be made
 15 by one (1) or more persons appointed for that purpose by the department~~[cabinet]~~,
 16 whenever: there has been no regular assessment; the records of an assessment have
 17 been destroyed, mutilated or lost; complaint is made by the owners of not less than
 18 ten percent (10%) in value of the taxable property in the taxing district; or
 19 investigation of the department~~[cabinet]~~ discloses that the assessment of property in
 20 such taxing district is so grossly inequitable or fiscally infeasible that an emergency
 21 exists. The order directing such emergency assessments shall state the reasons
 22 therefor and a copy shall be filed in the office of the county clerk where the property
 23 lies. Such order, when filed, shall void any assessment for the assessment year for
 24 which the emergency assessment is made. Any person appointed to make such an
 25 emergency assessment shall have the same powers and duties as the property
 26 valuation administrator. Whenever the tax roll has been completed under an
 27 emergency assessment and the tentative valuations have been determined, the

1 department~~cabinet~~ shall cause to be published pursuant to KRS Chapter 424, a
 2 notice as to the date when the tax roll will be ready for inspection and the time
 3 available for such purpose; also a copy of the notice shall be posted at the
 4 courthouse door. If any property is assessed at a greater value than that listed by the
 5 taxpayer or unlisted property is assessed, the taxpayer shall be charged with notice
 6 of such action by reason of the inspection period, and no further notice need be
 7 given of such action taken before the beginning of the inspection period. At the
 8 close of the inspection period, the tax roll shall be delivered to the county clerk and
 9 the county judge/executive shall immediately convene the board of assessment
 10 appeals to hear and determine any appeals from such emergency assessment. The
 11 board shall remain in session for the time and shall receive the compensation as
 12 provided in KRS 133.030(3). Appeals shall be taken and heard from such
 13 emergency assessments in the same manner as appeals from regular assessments.

- 14 (2) The department~~cabinet~~ may appoint the property valuation administrator to make
 15 an emergency assessment provided he was not at fault, and if the property valuation
 16 administrator is so appointed he shall receive reasonable compensation for his
 17 services in making this assessment, which shall not affect in any manner the
 18 payment to him of any compensation that he has received for himself or on behalf
 19 of a deputy or that may be due him, for services in making the regular assessment.
 20 Whenever through the property valuation administrator's fault an emergency
 21 assessment is ordered, the property valuation administrator shall become liable for
 22 the cost thereof as provided in KRS 132.620, such cost to be limited to the amount
 23 due or paid him in accordance with the provisions of KRS 132.590.

24 Section 217. KRS 132.670 is amended to read as follows:

- 25 (1) The Department of Revenue~~Cabinet~~ shall prepare detailed maps identifying
 26 every parcel of real property within each county of the state. Each county shall
 27 furnish to the department~~cabinet~~ adequate facilities in the county courthouse in

1 which to work. The Department of Revenue~~[-Cabinet]~~ shall prescribe methods and
 2 specifications for the mapping of property. Personnel authorized to assist in making
 3 property identification maps under this section may be given the same authority as a
 4 deputy property valuation administrator. Locally employed mapping project
 5 personnel shall be compensated in the same manner as deputies or assistants in the
 6 property valuation administrator's office.

- 7 (2) The Department of Revenue~~[-Cabinet]~~ shall conduct a biennial review of the
 8 quality of maps and ownership records in each county. If, in the first review
 9 conducted under these provisions, the maps and records in any county fail to meet
 10 the minimum standards established by the department~~[-cabinet]~~, the
 11 department~~[-cabinet]~~ shall assume responsibility for remapping, revision, and
 12 updating under the provisions of subsection (1) of this section. Minimum
 13 maintenance standards to be followed by each property valuation administrator shall
 14 be established by the department~~[-cabinet]~~.

15 Section 218. KRS 132.672 is amended to read as follows:

- 16 (1) The Department of Revenue~~[-Cabinet]~~ is authorized to establish an account entitled
 17 the "mapping project account" which is a fund created within the restricted fund
 18 group set forth in KRS 45.305. The purpose of this account is to provide funds for
 19 the mapping project as set forth in KRS 132.670. This account shall not lapse.
- 20 (2) There is hereby authorized to be deposited into this account the balance of the
 21 money heretofore deposited in the "Kentucky Wastewater Revolving Fund" created
 22 pursuant to KRS 107.600, now repealed.
- 23 (3) The commissioner~~[-secretary]~~ of revenue or any person duly authorized by him shall
 24 have the authority to withdraw from this account for the purpose set forth in
 25 subsection (1) of this section.

26 Section 219. KRS 132.690 is amended to read as follows:

- 27 (1) Each parcel of taxable real property or interest therein subject to assessment by the

property valuation administrator shall be revalued during each year of each term of office by the property valuation administrator at its fair cash value in accordance with standards prescribed by the Department of Revenue~~[Cabinet]~~ and shall be physically examined no less than once every four (4) years by the property valuation administrator or his assessing personnel. In accordance with procedures prescribed by the Department of Revenue~~[Cabinet]~~, the property valuation administrator shall submit an assessment schedule to the department~~[cabinet]~~ and shall maintain a record of physical examination and revaluation for each parcel of real property which includes, in addition to other relevant information, the inspection dates.

(2) The right of any individual to appeal the assessment on his property in any year as provided in KRS 133.120 shall in no way be affected by this section.

(3) If the property valuation administrator fails to revalue property as required by this section, the Department of Revenue~~[Cabinet]~~ shall have the authority to order an emergency revaluation in the same manner as provided for emergency assessments by KRS 132.660. Any property valuation administrator willfully violating the provisions of subsection (1) of this section or who refuses to comply with the directions of the Department of Revenue~~[Cabinet]~~ to correct the assessment shall have his compensation suspended by the department~~[cabinet]~~ and shall be subject to removal from office as provided by KRS 132.370(4) and shall be subject to the provisions of KRS 132.620 and 61.120.

(4) Nothing in this section shall prohibit action by the Department of Revenue~~[Cabinet]~~ under the provisions of KRS 133.150 or 132.660 in any year in which the department~~[cabinet]~~ determines such action to be necessary.

Section 220. KRS 132.810 is amended to read as follows:

(1) To qualify under the homestead exemption provision of the Constitution, each person claiming the exemption shall file an application with the property valuation administrator of the county in which the applicant resides, on forms prescribed by

1 the Department of Revenue~~[-Cabinet]~~. The assessed value of property on which
 2 homestead exemption is claimed shall not be increased because of valuation
 3 expressed on the application form filed with the property valuation administrator,
 4 and whenever it becomes known that the valuation of property subject to the
 5 homestead tax exemption has been increased because of valuation expressed on the
 6 application form, adjustment shall be made the following year so that the total tax
 7 paid by the taxpayer is the same as if the increase had not been made.

8 (2) (a) Every person filing an application for exemption under the homestead
 9 exemption provision must be sixty-five (65) years of age or older during the
 10 year for which application is made or must have been classified as totally
 11 disabled under a program authorized or administered by an agency of the
 12 United States government or by any retirement system either within or without
 13 the Commonwealth of Kentucky on January 1 of the year in which application
 14 is made.

15 (b) Every person filing an application for exemption under the homestead
 16 exemption provision must own and maintain the property for which the
 17 exemption is sought as his personal residence.

18 (c) Every person filing an application for exemption under the disability provision
 19 of the homestead exemption must have received disability payments pursuant
 20 to the disability and must maintain the disability classification for the entirety
 21 of the particular taxation period.

22 (d) Every person filing for the homestead exemption who is totally disabled and is
 23 less than sixty-five (65) years of age must apply for the homestead exemption
 24 on an annual basis.

25 (e) Only one (1) exemption per residential unit shall be allowed even though the
 26 resident may be sixty-five (65) years of age and also totally disabled, and
 27 regardless of the number of residents sixty-five (65) years of age or older

1 occupying the unit, but the sixty-five hundred dollars (\$6,500) exemption
2 shall be construed to mean sixty-five hundred dollars (\$6,500) in terms of the
3 purchasing power of the dollar in 1972. Every two (2) years thereafter, if the
4 cost of living index of the United States Department of Labor has changed as
5 much as one percent (1%), the maximum exemption shall be adjusted
6 accordingly.

7 (f) The real property may be held by legal or equitable title, by the entireties,
8 jointly, in common, as a condominium, or indirectly by the stock ownership or
9 membership representing the owner's or member's proprietary interest in a
10 corporation owning a fee or a leasehold initially in excess of ninety-eight (98)
11 years. The exemption shall apply only to the value of the real property
12 assessable to the owner or, in case of ownership through stock or membership
13 in a corporation, the value of the proportion which his interest in the
14 corporation bears to the assessed value of the property.

15 (g) A mobile home, recreational vehicle, when classified as real property as
16 provided for in KRS 132.751, or a manufactured house shall qualify as a
17 residential unit for purposes of the homestead exemption provision.

18 (h) When title to property which is exempted, either in whole or in part, under the
19 homestead exemption is transferred, the owner, administrator, executor,
20 trustee, guardian, conservator, curator, or agent shall report such transfer to
21 the property valuation administrator.

22 (3) Notwithstanding any statutory provisions to the contrary, the provisions of this
23 section shall apply to the assessment and taxation of property under the homestead
24 exemption provision for state, county, city, or special district purposes.

25 (4) The provisions of this section shall become effective with the 1982 taxable year and
26 persons eligible for a homestead exemption under this section, who have not
27 previously filed under the age provision of the homestead exemption, shall file

1 applications by December 31 of the taxation period.

2 (a) The homestead exemption for disabled persons shall terminate whenever
3 those persons no longer meet the total disability classification at the end of the
4 taxation period for which the homestead exemption has been granted. In no
5 case shall the exemption be prorated for persons who maintained the total
6 disability classification at the end of the taxation period.

7 (b) Any totally disabled person granted the homestead exemption under the
8 disability provision shall report any change in disability classification to the
9 property valuation administrator in the county in which the homestead
10 exemption is authorized.

11 (c) Any person making application and qualifying for the homestead exemption
12 before payment of his property tax bills for the year in question shall be
13 entitled to a full or partial exoneration, as the case may be, of the property tax
14 due to reflect the taxable assessment after allowance for the homestead
15 exemption.

16 (d) Any person making application and qualifying for the homestead exemption
17 after property tax bills have been paid shall be entitled to a refund of the
18 property taxes applicable to the value of the homestead exemption.

19 (5) In this section, "taxation period" means the period from January 1 through
20 December 31 of the year in which application is made, unless the person
21 maintaining the classification dies before December 31, in which case "taxation
22 period" means the period from January 1 to the date of death.

23 Section 221. KRS 132.815 is amended to read as follows:

24 (1) Each electrical inspector certified under KRS 227.489 shall submit a monthly report
25 to the Department of Revenue~~[Cabinet]~~ showing the names and addresses of all
26 persons, firms, or corporations for which inspections were conducted for new
27 buildings, new or relocated mobile homes, and other new or relocated structures

1 during the preceding month. Each building, mobile home, or other structure shall be
 2 identified by county and property address, or property location in those instances
 3 where the address is insufficient to reveal the physical location of the property.

- 4 (2) The information provided shall be used for the purpose of making and maintaining
 5 accurate assessment records. The Department of Revenue~~[Cabinet]~~ shall provide to
 6 each electrical inspector the necessary forms and instructions for filing the report
 7 required under subsection (1).

8 Section 222. KRS 132.820 is amended to read as follows:

- 9 (1) The ~~department~~~~[cabinet]~~ shall value and assess unmined coal, oil, and gas reserves,
 10 and any other mineral or energy resources which are owned, leased, or otherwise
 11 controlled separately from the surface real property at no more than fair market
 12 value in place, considering all relevant circumstances. Unmined coal, oil, and gas
 13 reserves and other mineral or energy resources shall in all cases be valued and
 14 assessed by the Department of Revenue~~[Cabinet]~~ as a distinct interest in real
 15 property, separate and apart from the surface real estate unless:

- 16 (a) The unmined coal, oil and gas reserves, and other mineral or energy resources
 17 are owned in their entirety by the surface owner;
 18 (b) The surface owner is neither engaged in the severance, extraction, processing,
 19 or leasing of mineral or other energy resources nor is he an affiliate of a
 20 person who engages in those activities; and
 21 (c) The surface is being used by the surface owner primarily for the purpose of
 22 raising for sale agricultural crops, including planted and managed timberland,
 23 or livestock or poultry.

24 For purposes of this section, "affiliate" means a person who directly or indirectly
 25 owns or controls, is owned or controlled by, or is under common ownership or
 26 control with, another individual, partnership, committee, association, corporation,
 27 or any other organization or group of persons.

- 1 (2) Each owner or lessee of property assessed under subsection (1) of this section shall
 2 annually, between January 1 and April 15, file a return with the
 3 department~~[cabinet]~~ in a form as the department~~[cabinet]~~ may prescribe. Other
 4 individuals or corporations having knowledge of the property defined in subsection
 5 (1) of this section gained through contracting, extracting, or similar means may also
 6 be required by the department~~[cabinet]~~ to file a return.
- 7 (3) Any property subject to assessment by the department~~[cabinet]~~ under subsection (1)
 8 of this section which has not been listed for taxation, for any year in which it is
 9 taxable, by April 15 of that year shall be omitted property.
- 10 (4) After the valuation of unmined minerals or other energy sources has been finally
 11 fixed by the department~~[cabinet]~~, the department~~[cabinet]~~ shall certify to the
 12 county clerk of each county the amount liable for county, city, or district taxation.
 13 The report shall be filed by the county clerk in his office, and shall be certified by
 14 the county clerk to the proper collecting officer of the county, city, or taxing district
 15 for collection.
- 16 (5) The notification, protest, and appeal of assessments under subsection (1) of this
 17 section shall be made pursuant to the provisions of KRS Chapter 131.
- 18 (6) No appeal shall delay the collection or payment of taxes based upon the assessment
 19 in controversy. The taxpayer shall pay all state, county, and district taxes due on the
 20 valuation which the taxpayer claims as the true value as stated in the protest filed
 21 under KRS 131.110. When the valuation is finally determined upon appeal, the
 22 taxpayer shall be billed for any additional tax and interest at the tax interest rate as
 23 defined in KRS 131.010(6), from the date the tax would have become due if no
 24 appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.
- 25 (7) The collection of tax bills generated from the assessments made under subsection
 26 (1) of this section shall be made pursuant to the provisions of KRS Chapter 134.
- 27 Section 223. KRS 132.990 is amended to read as follows:

- 1 (1) Any person who willfully fails to supply the property valuation administrator or the
2 Department of Revenue~~[Cabinet]~~ with a complete list of his property and such
3 facts with regard thereto as may be required or who violates any of the provisions of
4 KRS 132.570 shall be fined not more than five hundred dollars (\$500).
- 5 (2) Any property valuation administrator who willfully fails or neglects to perform any
6 duty legally imposed upon him shall be fined not more than five hundred dollars
7 (\$500) for each offense.
- 8 (3) Any county clerk who willfully fails or neglects to perform any duty required of him
9 by KRS 132.480 or by KRS 132.490 shall be fined not more than fifty dollars (\$50)
10 for each offense.
- 11 (4) Any person who willfully falsifies application for exemption or who fails to notify
12 the property valuation administrator of any changes in qualifying requirements
13 under the provision of KRS 132.810 shall be fined not more than five hundred
14 dollars (\$500).

15 Section 224. KRS 133.010 is amended to read as follows:

16 As used in this chapter, unless the context requires otherwise:

- 17 (1) "Board" means the county board of assessment appeals.
- 18 (2) "Department~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.
- 19 (3) "Taxpayer" means any person made liable by law to file a return or pay a tax.
- 20 (4) "Real property" includes all lands within this state and improvements thereon.
- 21 (5) "Personal property" includes every species and character of property, tangible and
22 intangible, other than real property.

23 Section 225. KRS 133.020 is amended to read as follows:

- 24 (1) The county board of assessment appeals shall be composed of reputable real
25 property owners residing in the county at least five (5) years. The appointing
26 authorities may appoint qualified property owners residing in adjacent counties
27 when qualified members cannot be secured within the county. The board shall

1 consist of three (3) members, one (1) to be appointed by the county judge/executive,
2 one (1) to be appointed by the fiscal court, and one (1) to be appointed by the mayor
3 of the city with the largest assessment using the county tax roll or appointed as
4 otherwise provided by the comprehensive plan of an urban-county government.
5 Beginning with the 1995 appeals, the mayor's appointment shall serve for four (4)
6 years, the county judge/executive's appointment shall serve for three (3) years, and
7 the fiscal court's appointment shall serve for two (2) years. Each person appointed
8 thereafter shall serve for three (3) years. If no city in the county uses the county
9 assessment, the county judge/executive shall appoint two (2) members. Board
10 members appointed prior to July 14, 1994, shall be eligible for reappointment by the
11 appointing authority if they meet the requirements of subsection (2) of this section.
12 A board member who has served for a full term shall not be eligible for
13 reappointment. However, he shall be eligible for appointment after a hiatus of three
14 (3) years. If the number of appeals to the board of assessment appeals filed with the
15 county clerk exceeds one hundred (100), temporary panels of the board may be
16 appointed with approval of the Department of Revenue~~[Cabinet]~~. Each temporary
17 panel shall consist of three (3) members having the same qualifications and
18 appointed in the same manner as the board members. The number of additional
19 panels shall not exceed one (1) for each one hundred (100) appeals in excess of the
20 first one hundred (100). The county judge/executive shall designate one (1) of the
21 members of the board of assessment appeals to serve as chairman of the board. If
22 additional panels are appointed, as provided in this subsection, the chairman of the
23 board of assessment appeals shall designate one (1) member of each additional
24 panel as chairman of the panel. A majority of the board or of any panel may
25 determine the action of the board or panel respectively and make decisions. Each
26 panel of the board shall have the same powers and duties given the board by KRS
27 133.120, except the action of any panel shall be subject to review and final approval

- 1 by the board.
- 2 (2) Each member of the board shall have extensive knowledge of real estate values,
3 preferably in real estate appraisal, sales, management, financing, or construction. In
4 counties with cities of the first, second, or third class, the member appointed by the
5 mayor shall be a certified real estate appraiser unless the mayor provides sufficient
6 proof to the department~~[cabinet]~~ of his inability to secure a certified real estate
7 appraiser.
- 8 (3) The board shall be subject to call by the county judge/executive at any time
9 prescribed by law.
- 10 (4) The members of the county board of assessment appeals, and any panel of the
11 board, before undertaking their duties, shall take the following oath, to be
12 administered by the county judge/executive: "You swear (affirm) that you will, to
13 the best of your ability, discharge the duties required of you as a member of the
14 county board of assessment appeals, and that you will fix at fair cash value all
15 property assessments brought before you for review as prescribed by law."
- 16 (5) The department~~[cabinet]~~ shall prepare and furnish to each property valuation
17 administrator guidelines and materials for an orientation and training program to be
18 presented to the board by the property valuation administrator or his deputy each
19 year.
- 20 (6) A board member shall produce evidence of his qualifications upon request of the
21 department~~[cabinet]~~. A board member shall be replaced by the appointing authority
22 upon proof of the member's failure to meet the qualifications of the position. Any
23 vacancy on the board shall be filled by the appointing authority that appointed the
24 member to be replaced. The appointee shall have the qualifications required by
25 statute for the board member appointed by the particular appointing authority and
26 shall hold office only to the end of the unexpired term of the member replaced.
- 27 (7) Members of the county board of assessment appeals, and any temporary panel, shall

1 abstain from hearing or ruling on an appeal for any property in which they have any
2 personal or private interests.

3 Section 226. KRS 133.030 is amended to read as follows:

4 (1) The county board of assessment appeals shall convene each year at the county seat
5 no earlier than twenty-five (25) days and no later than thirty-five (35) days
6 following the conclusion of the tax roll inspection period provided for in KRS
7 133.045; except that no meeting shall be held until the tax roll has been completed
8 and the inspection period has been held as provided by law, or until revaluation of
9 the property has been completed by the property valuation administrator at the
10 direction of the Department of Revenue~~[Cabinet]~~ as provided by KRS 132.690 or
11 by the department~~[cabinet]~~ itself as provided by KRS 133.150. All records of the
12 property valuation administrator, including all data concerning property sales within
13 the preceding year, shall be available to the board while meeting.

14 (2) The first regular meeting day of the board shall be devoted to the orientation and
15 training program provided for in KRS 133.020(5), to a review of the assessment of
16 the property valuation administrator and his deputies, and to a review of the appeals
17 filed with the county clerk as clerk of the board, including a review of recent sales
18 of comparable properties provided in accordance with the provisions of subsection
19 (1) of this section, and an inspection of the properties involved in the appeals when
20 in the opinion of the board such inspection will assist in the proper determination of
21 fair cash value.

22 (3) The board of assessment appeals shall continue in session only such time as is
23 necessary to hear appeals. The board shall not continue in session more than one (1)
24 day, if there are no appeals to be heard, nor more than five (5) days after it convenes
25 in each year, unless an extension of time is authorized by the Department of
26 Revenue~~[Cabinet]~~ upon request of the county judge/executive. Each board member
27 shall be paid one hundred dollars (\$100) for each day he serves. This compensation

1 shall be paid one-half (1/2) out of the county levy and the other half out of the State
2 Treasury.

- 3 (4) Members of temporary panels of the board shall serve the time necessary for
4 hearing appeals but in no case more than five (5) days except upon approval of an
5 extension of time by the Department of Revenue~~[Cabinet]~~. Compensation of panel
6 members shall be in the same manner and at the same rate as provided for members
7 of the board.

8 Section 227. KRS 133.040 is amended to read as follows:

- 9 (1) The property valuation administrator shall complete the tax roll of all real property
10 in his county before the first Monday in April of each year in accordance with law,
11 and on or before that date he shall file with the department~~[cabinet]~~, on forms
12 provided by the department~~[cabinet]~~, a recapitulation of all property assessed on the
13 tax roll with his official certificate attached. The recapitulation shall show the
14 assessment of property by type of property and by taxing district. Within fifteen (15)
15 calendar days after receiving the recapitulation, the department~~[cabinet]~~ shall direct
16 the property valuation administrator to make any changes that are necessary to
17 correct the assessment. The department~~[cabinet]~~ shall preserve all recapitulations
18 and schedules or a photographic facsimile for a period of seven (7) years from the
19 assessment date.

- 20 (2) At the time the property valuation administrator submits his property recapitulations
21 to the department~~[cabinet]~~, he shall submit a copy of the recapitulations to the
22 county judge/executive, the treasurer or chief officer of each special district in the
23 county, the chief administrative officer of the urban-county, and the superintendent
24 of each local school district in his county.

- 25 (3) Beginning with the 1995 assessment year, if the property valuation administrator
26 has not submitted an acceptable recapitulation to the department~~[cabinet]~~ by the
27 first Monday in August, the department~~[cabinet]~~ shall, within fifteen (15) days,

1 conduct an investigation into the reasons for the failure. The department~~[cabinet]~~
 2 shall notify the property valuation administrator in writing of his right to appear
 3 before the commissioner~~[secretary]~~ or his designee during the investigation to
 4 provide an explanation for the failure to submit an acceptable recapitulation. At any
 5 time after the completion of an investigation resulting in a finding that the failure to
 6 submit an acceptable recapitulation was not reasonably justified, the
 7 department~~[cabinet]~~ may declare an emergency assessment under the provisions of
 8 KRS 132.660.

9 (4) If the commissioner~~[secretary]~~ determines upon the conclusion of the investigation
 10 that the failure to submit an acceptable recapitulation was not reasonably justified,
 11 the commissioner~~[secretary]~~ shall notify the property valuation administrator in
 12 writing of the department's~~[cabinet's]~~ findings, and of the department's~~[cabinet's]~~
 13 intent to suspend the property valuation administrator's compensation as of the date
 14 of the notification and until the date an acceptable recapitulation is submitted. The
 15 notification shall inform the property valuation administrator that the amount of
 16 compensation suspended under this subsection is subject to forfeiture as provided in
 17 subsection (5) of this section.

18 (5) The property valuation administrator may, within ten (10) days of the date of notice
 19 provided for in subsection (4) of this section, request in writing a formal
 20 administrative hearing before a department~~[cabinet]~~ hearing officer appointed by
 21 the commissioner~~[secretary]~~. All hearings shall be conducted in accordance with
 22 KRS Chapter 13B. If in the recommended order:

23 (a) The hearing officer determines, and the commissioner~~[secretary]~~ agrees, that
 24 the failure to submit an acceptable recapitulation was not reasonably justified,
 25 the commissioner~~[secretary]~~ shall reaffirm the notice of forfeiture provided
 26 for in subsection (4) of this section and issue a final order in writing to the
 27 property valuation administrator.

1 (b) The hearing officer determines, and the commissioner~~[secretary]~~ agrees, that
 2 the failure to submit an acceptable recapitulation was reasonably justified, the
 3 commissioner~~[secretary]~~ shall notify the property valuation administrator in a
 4 final order, and compensation suspended under subsection (4) of this section
 5 shall be paid with interest at the tax interest rate defined in KRS 131.010(6).

6 (6) If the property valuation administrator does not request in writing a formal
 7 administrative hearing within the time prescribed in subsection (5) of this section,
 8 the commissioner~~[secretary]~~ shall reaffirm the notice of forfeiture provided for in
 9 subsection (4) of this section and issue a final order in writing to the property
 10 valuation administrator.

11 (7) The property valuation administrator may appeal the commissioner's~~[secretary's]~~
 12 final order in the same manner, and subject to the same provisions as set forth in
 13 KRS 132.370(7).

14 (8) A property valuation administrator who fails to submit an acceptable recapitulation,
 15 within the times prescribed in subsection (3) of this section and after a previous
 16 finding that a prior year's failure to submit an acceptable recapitulation was
 17 determined to not be reasonably justified, shall be subject to removal from office as
 18 provided by KRS 132.370(4).

19 Section 228. KRS 133.045 is amended to read as follows:

20 (1) The real property tax roll being prepared by the property valuation administrator for
 21 the current year, shall be open for inspection in the property valuation
 22 administrator's office for thirteen (13) days beginning on the first Monday in May of
 23 each year and shall be open for inspection for six (6) days each week, one (1) of
 24 which shall be Saturday. In case of necessity, the department~~[cabinet]~~ may order a
 25 reasonable extension of time for the inspection period of the tax roll or it may order
 26 that the inspection period be at a different time than that provided in this section.
 27 However, the final day of the inspection period shall not be Saturday, Sunday, or a

1 legal holiday.

2 (2) The property valuation administrator shall cause to be published once during the
3 week before the beginning of the inspection period, as provided in subsection (1) of
4 this section, in a display type advertisement, the following information:

- 5 (a) The fact that the real property tax roll is open for public inspection;
6 (b) The dates of the inspection period;
7 (c) The times available for public review of the real property tax roll;
8 (d) The fact that any taxpayer desiring to appeal an assessment shall first request a
9 conference with the property valuation administrator to be held prior to or
10 during the inspection period; and
11 (e) Instructions which provide details on the manner in which a taxpayer who has
12 had a conference with the property valuation administrator may file an appeal,
13 if he is aggrieved by an assessment made by the property valuation
14 administrator.

15 The cost of the notice shall be paid by the fiscal court of the county. The notice shall also
16 be posted at the courthouse door. Failure to publish or post notices when the inspection
17 period is at the regular time as provided in this section shall not invalidate assessments
18 made by the property valuation administrator and recorded on the tax roll prior to the
19 inspection period.

20 Section 229. KRS 133.047 is amended to read as follows:

- 21 (1) Notwithstanding the provisions of KRS 61.870 to 61.884, when the Department of
22 Revenue~~Cabinet~~ has completed action on the assessment of property in any
23 county and has certified the assessment to the county clerk of that county, as
24 provided for in KRS 133.180, the property tax roll, or a copy of the property tax
25 roll, shall be retained in the office of the property valuation administrator for
26 maintenance as an open public record for five (5) years. The property tax roll shall
27 be available for public inspection during the regular working hours of the office of

1 the property valuation administrator as provided for in KRS 132.410(2).

2 (2) Any person inspecting a property tax roll shall do so in a manner not unduly
3 interfering with the proper operation of the custodian's office.

4 (3) Personal property tax returns, accompanying documents, and assessment records,
5 with the exception of the certified personal property tax roll, shall be considered
6 confidential under the provisions of KRS 131.190.

7 (4) Real property tax returns and accompanying documents submitted by a taxpayer
8 shall be considered confidential under the provisions of KRS 131.190. Other real
9 property records in the office of the property valuation administrator shall be subject
10 to the provisions of KRS 61.870 to KRS 61.884. However, notwithstanding the
11 provisions of KRS 61.874 the Department of Revenue~~[-Cabinet]~~ shall develop and
12 provide to each property valuation administrator a reasonable fee schedule to be
13 used in compensating for the cost of personnel time expended in providing
14 information and assistance to persons seeking information to be used for
15 commercial or business purposes. Any person seeking information on his own
16 property, or any other person, including the press, seeking information directly
17 related to property tax assessment, appeals, equalization, requests for refunds, or
18 similar matters shall not be subject to fees for personnel time.

19 (5) The Department of Revenue~~[-Cabinet]~~ shall provide advice, guidelines, and
20 assistance to each property valuation administrator in implementing the provisions
21 of KRS 61.870 to 61.884.

22 Section 230. KRS 133.110 is amended to read as follows:

23 (1) After submission of the final real property recapitulation or certification of the
24 personal property assessment, the property valuation administrator may correct
25 clerical, mathematical, or procedural errors in an assessment or any duplication of
26 assessment. Changes in assessed value based on appraisal methodology or opinion
27 of value shall not be valid. All corrections shall be reviewed by the Department of

1 Revenue~~[Cabinet]~~ and those changes determined by the department~~[cabinet]~~ to be
 2 invalid shall be rescinded. Any taxpayer affected by this rescission shall not be
 3 subject to additional penalties.

- 4 (2) Notwithstanding other statutory provisions, for property subject to a tax rate that is
 5 set each year based on the certified assessment, any loss of property tax revenue
 6 incurred by a taxing district due to corrections made after the tax rate has been set
 7 may be recovered by making an adjustment in the tax rate to be set for the next tax
 8 year.

9 Section 231. KRS 133.120 is amended to read as follows:

- 10 (1) Any taxpayer desiring to appeal an assessment on real property made by the
 11 property valuation administrator shall first request a conference with the property
 12 valuation administrator or his designated deputy. The conference shall be held prior
 13 to or during the inspection period provided for in KRS 133.045. Any person
 14 receiving compensation to represent a property owner at a conference with the
 15 property valuation administrator for a real property assessment shall be an attorney,
 16 a certified public accountant, a certified real estate broker, a Kentucky licensed real
 17 estate broker, an employee of the property owner, or any other individual possessing
 18 a professional appraisal designation recognized by the department~~[cabinet]~~. A
 19 person representing a property owner before the property valuation administrator
 20 shall present written authorization from the property owner which sets forth his
 21 professional capacity and shall disclose to the property valuation administrator any
 22 personal or private interests he may have in the matter, including any contingency
 23 fee arrangements. Provided however, attorneys shall not be required to disclose the
 24 terms and conditions of any contingency fee arrangement. During this conference,
 25 the property valuation administrator or his deputy shall provide an explanation to
 26 the taxpayer of the constitutional and statutory provisions governing property tax
 27 administration, including the appeal process, as well as an explanation of the

1 procedures followed in deriving the assessed value for the taxpayer's property. The
2 property valuation administrator or his deputy shall keep a record of each
3 conference which shall include, but shall not be limited to, the initial assessed
4 value, the value claimed by the taxpayer, an explanation of any changes offered or
5 agreed to by each party, and a brief account of the outcome of the conference. At the
6 request of the taxpayer, the conference may be held by telephone.

7 (2) Any taxpayer still aggrieved by an assessment on real property made by the property
8 valuation administrator after complying with the provisions of subsection (1) of this
9 section may appeal to the board of assessment appeals. The taxpayer shall appeal
10 his assessment by filing in person or sending a letter or other written petition stating
11 the reasons for appeal, identifying the property for which the appeal is filed, and
12 stating to the county clerk the taxpayer's opinion of the fair cash value of the
13 property. The appeal shall be filed no later than one (1) workday following the
14 conclusion of the inspection period provided for in KRS 133.045. The county clerk
15 shall notify the department~~[cabinet]~~ of all assessment appeals and of the date and
16 times of the hearings. The board of assessment appeals may review and change any
17 assessment made by the property valuation administrator upon recommendation of
18 the county judge/executive, mayor of any city using the county assessment, or the
19 superintendent of any school district in which the property is located, if the
20 recommendation is made to the board in writing specifying the individual properties
21 recommended for review and is made no later than one (1) work day following the
22 conclusion of the inspection period provided for in KRS 133.045, or upon the
23 written recommendation of the department~~[cabinet]~~. If the board of assessment
24 appeals determines that the assessment should be increased, it shall give the
25 taxpayer notice in the manner required by subsection (4) of KRS 132.450,
26 specifying a date when the board will hear the taxpayer, if he so desires, in protest
27 of an increase. Any real property owner who has listed his property with the

1 property valuation administrator at its fair cash value may ask the county board of
2 assessment appeals to review the assessments of real properties he believes to be
3 assessed at less than fair cash value, if he specifies in writing the individual
4 properties for which the review is sought and factual information upon which his
5 request is based, such as comparable sales or cost data and if the request is made no
6 later than one (1) work day following the conclusion of the inspection period
7 provided for in KRS 133.045. Nothing in this section shall be construed as granting
8 any property owner the right to request a blanket review of properties or the board
9 the power to conduct such a review.

- 10 (3) The board of assessment appeals shall hold a public hearing for each individual
11 taxpayer appeal in protest of the assessment by the property valuation administrator
12 filed in accordance with the provisions of subsection (2) of this section, and after
13 hearing all the evidence, shall fix the assessment of the property at its fair cash
14 value. The department~~[cabinet]~~ may be present at the hearing and present any
15 pertinent evidence as it pertains to the appeal. The taxpayer shall provide factual
16 evidence to support his appeal. If the taxpayer fails to provide reasonable
17 information pertaining to the value of the property requested by the property
18 valuation administrator, the department~~[cabinet]~~, or any member of the board, his
19 appeal shall be denied. This information shall include, but shall not be limited to,
20 the physical characteristics of land and improvements, insurance policies, cost of
21 construction, real estate sales listings and contracts, income and expense statements
22 for commercial property, and loans or mortgages. The board of assessment appeals
23 shall only hear and consider evidence which has been submitted to it in the presence
24 of both the property valuation administrator or his designated deputy and the
25 taxpayer or his authorized representative.
- 26 (4) Any person receiving compensation to represent a property owner in an appeal
27 before the board shall be an attorney, a certified public accountant, a certified real

- 1 estate appraiser, a Kentucky licensed real estate broker, an employee of the
2 taxpayer, or any other individual possessing a professional appraisal designation
3 recognized by the department[cabinet]. A person representing a property owner
4 before the county board of assessment appeals shall present a written authorization
5 from the property owner which sets forth his professional capacity and shall
6 disclose to the county board of assessment appeals any personal or private interests
7 he may have in the matter, including any contingency fee arrangements. Provided
8 however, attorneys shall not be required to disclose the terms and conditions of any
9 contingency fee arrangement.
- 10 (5) The board shall provide a written opinion justifying its action for each assessment
11 either decreased or increased in the record of its proceedings and orders required in
12 KRS 133.125 on forms or in a format provided or approved by the
13 department[cabinet].
- 14 (6) The board shall report to the property valuation administrator any real property
15 omitted from the tax roll. The property valuation administrator shall assess the
16 property and immediately give notice to the taxpayer in the manner required by
17 KRS 132.450(4), specifying a date when the board of assessment appeals will hear
18 the taxpayer, if he so desires, in protest of the action of the property valuation
19 administrator.
- 20 (7) The board of assessment appeals shall have power to issue subpoenas, compel the
21 attendance of witnesses, and adopt rules and regulations concerning the conduct of
22 its business. Any member of the board shall have power to administer oaths to any
23 witness in proceedings before the board.
- 24 (8) The powers of the board of assessment appeals shall be limited to those specifically
25 granted by this section.
- 26 (9) No appeal shall delay the collection or payment of any taxes based upon the
27 assessment in controversy. The taxpayer shall pay all state, county, and district taxes

1 due on the valuation which he claims as true value and stated in the petition of
 2 appeal filed in accordance with the provisions of subsection (1) of this section.

3 When the valuation is finally determined upon appeal, the taxpayer shall be billed
 4 for any additional tax and interest at the tax interest rate as defined in KRS
 5 131.010(6) from the date when the tax would have become due if no appeal had
 6 been taken. The provisions of KRS 134.390 shall apply to the tax bill.

7 (10) Any member of the county board of assessment appeals may be required to give
 8 evidence in support of the board's findings in any appeal from its actions to the
 9 Kentucky Board of Tax Appeals. Any persons aggrieved by a decision of the board,
 10 including the property valuation administrator, taxpayer, and department~~[cabinet]~~,
 11 may appeal the decision to the Kentucky Board of Tax Appeals. Any taxpayer
 12 failing to appeal to the county board of assessment appeals, or failing to appear
 13 before the board, either in person or by designated representative, shall not be
 14 eligible to appeal directly to the Kentucky Board of Tax Appeals.

15 (11) The county attorney shall represent the interest of the state and county in all
 16 hearings before the board of assessment appeals and on all appeals prosecuted from
 17 its decision. If the county attorney is unable to represent the state and county, he or
 18 the fiscal court shall arrange for substitute representation.

19 (12) Taxpayers shall have the right to make audio recordings of the hearing before the
 20 county board of assessment appeals. The property valuation administrator may
 21 make similar audio recordings only if prior written notice is given to the taxpayer.
 22 The taxpayer shall be entitled to a copy of the department's~~[cabinet's]~~ recording as
 23 provided in KRS 61.874.

24 (13) The county board of assessment appeals shall physically inspect a property upon the
 25 request of the property owner or property valuation administrator.

26 Section 232. KRS 133.123 is amended to read as follows:

27 When an appeal is taken from an assessment by the property valuation administrator, of

1 property which the owner does not consider to be subject to taxation, it shall be the duty
2 of the county board of assessment appeals to obtain and follow advice from the
3 Department of Revenue~~[Cabinet]~~ relative to the taxability of such property; however, the
4 board shall have full power and responsibility to make a determination of the fair cash
5 value of such property.

6 Section 233. KRS 133.125 is amended to read as follows:

7 (1) No later than three (3) working days after the expiration of the inspection period
8 provided for in KRS 133.045, the county clerk shall provide a copy to the property
9 valuation administrator of each appeal petition and a summary of the appeals filed
10 with the county board of assessment appeals. The summary shall be in a format, or
11 on a form, provided or approved by the Department of Revenue~~[Cabinet]~~. The
12 property valuation administrator shall, within three (3) working days of receipt of
13 the summary, prepare and submit to the Department of Revenue~~[Cabinet]~~ a final
14 recapitulation of the real property tax roll incorporating all changes made since the
15 submission of the first recapitulation. Those properties under appeal shall be listed
16 for recapitulation and certification purposes at the value claimed by the taxpayer.
17 After submission of the final recapitulation to the Department of Revenue~~[Cabinet]~~,
18 ~~Cabinet~~, assessments shall not be amended except for adjustments ordered by the
19 board and for corrections made under the provisions of KRS 133.110 and KRS
20 133.130.

21 (2) The county clerk, or an authorized deputy, shall act as clerk of the board of
22 assessment appeals; and where additional board panels are appointed, as provided
23 by law, one (1) authorized deputy shall act as clerk for each panel. An accurate
24 record of the proceedings and orders of the board and of each of its authorized
25 panels shall be kept and shall show the name of the owner of the property, the
26 description, the type of property, the amount of the assessment the property
27 valuation administrator placed on the property, and the amount of change made in

1 the assessment by the board. A copy certified by the chairman of the board and
 2 attested by the county clerk shall be filed by the clerk with the property valuation
 3 administrator and with the Department of Revenue~~[-Cabinet]~~ within five (5) days
 4 after the adjournment of the board.

5 (3) The county clerk shall certify to the county judge/executive the number of days
 6 during which the board was in session, and the court shall enter this fact of record
 7 along with the amount due the board members for their services. On a presentation
 8 of a copy of the order, the Finance and Administration Cabinet shall draw a warrant
 9 on the State Treasurer in favor of the board members and clerk for the amount due
 10 for their services.

11 (4) The county clerk and any authorized deputies serving as clerk of the board or a
 12 panel thereof shall be allowed the same compensation per day for their services as is
 13 allowed to members of the board of their county, and they shall be paid in the same
 14 manner as members of the board are paid. The county clerk and his authorized
 15 deputies shall be allowed compensation for completing and filing the record of the
 16 board in the same manner as allowed for their services while acting as clerk of the
 17 board or clerk of a panel of the board.

18 Section 234. KRS 133.130 is amended to read as follows:

19 (1) Any person claiming to be erroneously charged with any tax upon property not
 20 owned by him may, after he has received notice of the same by demand made upon
 21 him to pay the tax, offer evidence in support of the complaint to the property
 22 valuation administrator of the county in which the assessment was made. If the
 23 property valuation administrator finds that he was not the owner of the property
 24 assessed, he may correct the same by releasing him from the payment of the tax, and
 25 shall assess the property immediately against the rightful owner.

26 (2) A protest may be made to the Department of Revenue~~[-Cabinet]~~ under the
 27 provisions of KRS 131.110 from any action of the property valuation administrator

1 made under this section or under KRS 133.110.

2 Section 235. KRS 133.150 is amended to read as follows:

3 The Department of Revenue~~[-Cabinet]~~ shall equalize each year the assessments of the
4 property among the counties. It shall compare the recapitulation of the property valuation
5 administrator's books from each county with the records of sales of land in such county or
6 with such other information that it may obtain from any source and shall determine the
7 ratio of the assessed valuation of the property to the fair cash value. The Department of
8 Revenue~~[-Cabinet]~~ shall have power to increase or decrease the aggregate assessed
9 valuation of the property of any county or taxing district thereof or any class of property
10 or any item in any class of property. The Department of Revenue~~[-Cabinet]~~ shall fix the
11 assessment of all property at its fair cash value. When the property in any county, or any
12 class of property in any county, is not assessed at its fair cash value, such assessment shall
13 be increased or decreased to its fair cash value by fixing the percentage of increase or
14 decrease necessary to effect the equalization.

15 Section 236. KRS 133.160 is amended to read as follows:

16 When it is contemplated by the Department of Revenue~~[-Cabinet]~~ that it will be
17 necessary to raise the assessed valuation of property in any county, it shall give notice of
18 the contemplated action to the county judge/executive, the superintendent of any school
19 district affected by such action, the mayor of any city which is affected and which has
20 adopted the assessment, and to the taxpayers of that county through the county
21 judge/executive, who shall post the notice sent him on the courthouse door and certify to
22 the Department of Revenue~~[-Cabinet]~~ that this has been done, and it shall fix a time and
23 place for a hearing which may be in Frankfort or any convenient place in or nearer the
24 county seat.

25 Section 237. KRS 133.170 is amended to read as follows:

26 (1) When the Department of Revenue~~[-Cabinet]~~ has completed its equalization of the
27 assessment of the property in any county, it shall certify its action to the county

- 1 judge/executive, with a copy of the certification for the county clerk, to be laid
2 before the fiscal court of the county.
- 3 (2) If the fiscal court deems it proper to ask for a review of the aggregate equalization
4 of any class or subclass of property, it shall direct the county attorney to prosecute
5 an appeal of the aggregate increase to the Kentucky Board of Tax Appeals within
6 ten (10) days from the date of the certification.
- 7 (3) Within ten (10) days from the date that the department's~~[cabinet's]~~ aggregate
8 equalization of any or all classes or subclasses of property becomes final by failure
9 of the fiscal court to prosecute an appeal or by order of the Kentucky Board of Tax
10 Appeals or the courts, the fiscal court shall cause to be published, at least one (1)
11 time, in the newspaper having the largest circulation within the county, a public
12 notice of the department's~~[cabinet's]~~ action.
- 13 (4) Within ten (10) days from the date of the publication of the notice required in
14 subsection (3) of this section, any individual taxpayer whose property assessment is
15 increased above its fair cash value by the equalization action may file with the
16 county clerk an application for exoneration of his property assessment from the
17 increase. The application shall be filed in duplicate and shall include the name and
18 address of the person in whose name the property is assessed; the assessment of the
19 property before the increase; the description and location of the property including
20 the description shown on the tax roll; the property owner's reason for appeal; and all
21 other pertinent facts having a bearing upon its value. The county clerk shall forward
22 one (1) copy, of each application for exoneration to the Department of Revenue~~[Cabinet]~~
23 and shall exclude the amount of the equalization increase from the
24 assessment in the preparation of the property tax bill for each property for which an
25 application for exoneration has been filed.
- 26 (5) The county judge/executive shall reconvene the board of supervisors immediately
27 following the close of the period for filing applications for exoneration from the

1 increase. The board shall schedule and conduct hearings on all applications in the
 2 manner prescribed for hearing appeals by KRS 133.120; however, the board shall
 3 not have authority to reduce any assessment to an amount less than that listed for
 4 the property at the time of adjournment of the regular board session.

5 (6) The county clerk shall act as clerk of the reconvened board and shall keep an
 6 accurate record of the proceedings in the same manner as provided by KRS
 7 133.125. Within five (5) days of the adjournment of the reconvened board, he shall
 8 notify each property owner in writing of the final action of the board with relation to
 9 the equalization increase and shall forward a copy of the proceedings certified by
 10 the chairman of the board and attested by him to the Department of Revenue~~Cabinet~~
 11 and to the other taxing districts participating in the tax.

12 (7) Any taxpayer whose application has been denied, in whole or in part, may appeal to
 13 the Kentucky Board of Tax Appeals as provided in KRS 131.340, and appeals
 14 thereafter may be taken to the courts as provided in KRS 131.370.

15 (8) The provisions of KRS 133.120(9) shall apply to the payment of taxes upon any
 16 property assessment for which an application for exoneration has been filed.

17 (9) The provisions of subsections (4), (5), (6), (7), and (8) of this section shall only
 18 apply to appeals growing out of equalization action by the Department of Revenue~~Cabinet~~
 19 under the provisions of KRS 133.150.

20 Section 238. KRS 133.180 is amended to read as follows:

21 When the Department of Revenue~~Cabinet~~ has completed its action on the assessment
 22 of property in any county, it shall immediately certify to the county clerk the assessment
 23 and the amount of taxes due. The Department of Revenue~~Cabinet~~ shall charge the
 24 amount of taxes due from the county to the sheriff of the county. When any item of
 25 property is in process of appeal and the valuation has not been finally determined, the
 26 certification of such property shall be based on the valuation claimed by the taxpayer as
 27 the true value. The county clerk shall affix the certification to the tax books and enter it of

record in the order book, and it shall be the sheriff's or collector's warrant for the collection of taxes.

Section 239. KRS 133.181 is amended to read as follows:

If the Department of Revenue~~[Cabinet]~~, in making its equalization of the property in any county in accordance with the provisions of KRS 133.150, causes any increase or decrease to be made in the value of any property, the county clerk shall correct the tax books to comply with the final certification of the assessment by the department~~[cabinet]~~. As compensation for his services, the clerk shall receive the same compensation per day that he receives for serving as clerk of the board of assessment appeals for as many days as are necessary to make the corrections but not to exceed a total of ten (10) days. One-half (1/2) of such amounts shall be paid out of the county levy and one-half (1/2) out of the State Treasury. Such sums shall be paid at the same time and in the same manner as is the clerk's compensation for preparing the tax bills under KRS 133.240(2).

Section 240. KRS 133.185 is amended to read as follows:

Except as provided in KRS 132.487, no tax rate for any taxing district imposing a levy upon the county assessment shall be determined before the assessment is certified by the Department of Revenue~~[Cabinet]~~ to the county clerk as provided in KRS 133.180.

Section 241. KRS 133.200 is amended to read as follows:

(1) In proceedings brought by the state, or by the state on relation of some officer authorized to bring the proceeding, to set aside any order or judgment of a court assessing for taxes for state, county, school or other taxing district purposes any property or omitted property, on the ground of inadequacy of valuation, mistake, fraud, or on any other ground, and to cause a larger assessment to be adjudged, the commissioner~~[secretary]~~ of revenue may direct the drawing of warrants on the State Treasurer to pay from time to time such court costs and reasonable expenses as may be incurred on behalf of the state, including the cost of taking and filing depositions and witnesses' fees, and the payment of official court reporters for services and for a

1 copy of the testimony or depositions.

2 (2) If the state is successful in the proceedings, and the costs of the action are collected,
3 the costs advanced by the state shall be repaid into the State Treasury.

4 Section 242. KRS 133.220 is amended to read as follows:

5 (1) The Department of Revenue~~[-Cabinet]~~ annually shall furnish to each county clerk
6 tax bill forms designed for adequate accounting control sufficient to cover the
7 taxable property on the rolls.

8 (2) After receiving the forms, the county clerk shall prepare for the use of the sheriff or
9 collector a correct tax bill for each taxpayer in the county whose property has been
10 assessed and whose valuation is included in the certification provided in KRS
11 133.180. If the bills are bound, the cost of binding shall be paid out of the county
12 levy. Each tax bill shall show the rate of tax upon each one hundred dollars (\$100)
13 worth of property for state, county, and school purposes; the name of the taxpayer
14 and his mailing address; the number of acres of farm land and its value; the number
15 of lots and their value; the amount and value of notes and money; the value of
16 mixed personal property; and the total amount of taxes due the state, county, school
17 fund, and other levies. Provision shall be made for the sheriff to have a stub,
18 duplicate, or other proper evidence of receipt of payment of each tax bill.

19 (3) Tax bills prepared in accordance with the certification of the Department of
20 Revenue~~[-Cabinet]~~ shall be delivered to the sheriff or collector by the county clerk
21 before September 15 of each year. The clerk shall take a receipt showing the
22 number of tax bills and the total amount of tax due each taxing district as shown
23 upon the tax bills. The receipt shall be signed and acknowledged by the sheriff or
24 collector before the county clerk, filed with the county judge/executive, and
25 recorded in the order book of the county judge/executive in the manner required by
26 law for recording the official bond of the sheriff.

27 (4) Upon delivery to him of the tax bills, the sheriff or collector shall mail a notice to

1 each taxpayer, showing the total amount of taxes due the state, county, school fund,
 2 and other levies, the date on which the taxes are due, and any discount to which the
 3 taxpayer may be entitled upon payment of the taxes prior to a designated date.

- 4 (5) All notices returned as undeliverable shall be submitted no later than the following
 5 work day to the property valuation administrator. The property valuation
 6 administrator shall correct inadequate or erroneous addresses if the information to
 7 do so is available and, if property has been transferred, shall determine the new
 8 owner and the current mailing address. The property valuation administrator shall
 9 return the corrected notices to the sheriff or collector on a daily basis as corrections
 10 are made, but no later than fifteen (15) days after receipt. Uncorrected notices shall
 11 be submitted to the department~~[cabinet]~~ by the property valuation administrator.

12 Section 243. KRS 133.225 is amended to read as follows:

13 The Department of Revenue~~[Cabinet]~~ shall draft, and the sheriff shall mail with the
 14 property tax bills annually, an explanation of the provisions of Acts 1979 (Ex. Sess.) ch.
 15 25.

16 Section 244. KRS 133.230 is amended to read as follows:

17 Upon receipt of a certification of omitted property by the property valuation administrator
 18 or by the Department of Revenue~~[Cabinet]~~, the county clerk shall make out for the use
 19 of the sheriff or collector a tax bill for each taxpayer who owes omitted taxes. The
 20 omitted tax bills shall be attested by the clerk in the same manner as the tax bills
 21 described in KRS 133.220. The clerk shall deliver the omitted tax bill to the sheriff or
 22 collector as soon as the omitted property has been finally assessed.

23 Section 245. KRS 133.240 is amended to read as follows:

- 24 (1) The county clerk shall be allowed thirty cents (\$0.30) for calculating the state,
 25 county, and school tax and preparing a tax bill for each individual taxpayer for the
 26 sheriff or collector under the provisions of KRS 133.220, and one dollar (\$1) for
 27 each tax bill made in case of an omitted assessment.

1 (2) The county clerk shall present his account to the fiscal court, verified by his
 2 affidavit, together with his receipt from the sheriff for the tax bills and his receipt
 3 from the Department of Revenue~~[Cabinet]~~ for the recapitulation sheets. If found
 4 correct, the court shall allow the account, and order one-half (1/2) of it paid out of
 5 the levy and the other one-half (1/2) out of the State Treasury. The county clerk
 6 shall certify the allowance to the Finance and Administration Cabinet, which shall
 7 draw a warrant on the State Treasurer in favor of the county clerk for the state's one-
 8 half (1/2).

9 (3) The above county allowance shall likewise be paid to the county clerk for
 10 calculation of the state, county, city, consolidated local government, urban-county
 11 government, school, and special district tax for each individual motor vehicle
 12 taxpayer, based upon certification from the Department of Revenue~~[Cabinet]~~ of the
 13 number of accounts as of January 1 each year.

14 Section 246. KRS 133.250 is amended to read as follows:

15 (1) The Department of Revenue~~[Cabinet]~~ shall conduct sales-assessment ratio studies
 16 for each county and shall submit the ratio to each property valuation administrator
 17 by September 1 of each year or within thirty (30) days of submission of the property
 18 valuation administrator's final recapitulation to the department~~[cabinet]~~ as provided
 19 for in KRS 133.125, whichever date is later. Randomly selected sample appraisals
 20 shall be conducted by the Department of Revenue~~[Cabinet]~~ for each class of real
 21 property in each county no less than once every two (2) years to supplement sales
 22 data used in the assessment ratio study and to verify and enhance the statistical
 23 validity of the ratio study in determining measures of central tendency and variation.

24 (2) The property valuation administrator shall begin revaluation of property in his
 25 county, in preparation for the following year's property assessment, immediately
 26 following submission of the final recapitulation to the Department of Revenue~~[Cabinet]~~
 27 ~~[Cabinet]~~ as provided for in KRS 133.125.

1 (3) By January 30 of each year, the Department of Revenue~~[Cabinet]~~ shall cause to be
 2 published in the newspaper of largest circulation in each county, a listing of the
 3 percentage of fair cash value attainment of real property assessments as calculated
 4 by assessment ratio studies which shall be conducted by the Department of
 5 Revenue~~[Cabinet]~~.

6 Section 247. KRS 133.990 is amended to read as follows:

- 7 (1) The failure of any member to be in attendance promptly on the days fixed for the
 8 sessions of the county board of assessment appeals without reasonable excuse shall
 9 subject him to a fine of not exceeding twenty-five dollars (\$25).
- 10 (2) Any county clerk who fails to make out, for the use of the sheriff or collector, the
 11 book or books of tax bills and stubs provided in KRS 133.220, and deliver same to
 12 the sheriff or collector on or before September 15 of each year, shall pay a penalty
 13 of ten dollars (\$10) for each day's delay which must be deducted by the Department
 14 of Revenue~~[Cabinet]~~ from such sum, or sums, as may be due, or become due from
 15 the Commonwealth for official duties, and the date of the receipt required to be
 16 signed by the sheriff or collector by the provisions of KRS 133.220 shall be prima
 17 facie evidence of the delivery of same.
- 18 (3) Any county clerk who, without reasonable excuse, fails to return to the Department
 19 of Revenue~~[Cabinet]~~ copies of any books, papers, or records required by it in the
 20 manner and at the time prescribed by law, shall, upon conviction, be fined not less
 21 than ten dollars (\$10) nor more than one hundred dollars (\$100) for each offense.

22 Section 248. KRS 134.010 is amended to read as follows:

23 As used in this chapter, unless the context requires otherwise:

- 24 (1) "Commissioner~~[Secretary]~~" means the commissioner~~[secretary]~~ of revenue.
- 25 (2) "Department~~[Cabinet]~~" means the Department of Revenue~~[Cabinet]~~.
- 26 (3) "Real property" includes all lands within this state and improvements thereon.
- 27 (4) "Personal property" includes every species and character of property, tangible and

1 intangible, other than real property.

2 (5) "Taxpayer" means any person made liable by law to file a return or pay a tax.

3 (6) "Tax claim" includes, in addition to the taxes due on a tax bill, the penalties, costs,
4 fees, interest, commissions, the lien provided in subsection (1) of KRS 134.420 and
5 other such items or expenses that have become or are by reason of the delinquent
6 tax bill proper legal charges imposed by this chapter against the delinquent taxpayer
7 at any given time.

8 (7) "Uncollectible tax bill" means a tax bill of a delinquent who owns no real property
9 and which has been returned to the fiscal court by the sheriff or collector because
10 there is insufficient or no personal property to satisfy it, and which has been allowed
11 and approved in the settlement with the court as uncollectible.

12 (8) "Sheriff" includes any collector whose duty it is to receive or collect state, county or
13 district taxes.

14 Section 249. KRS 134.020 is amended to read as follows:

15 (1) All state, county, and district taxes, except as otherwise provided by law, shall be
16 due and payable on September 15 following the assessment; except that all taxes in
17 any year on unmanufactured tobacco, money in hand, or money on deposit outside
18 this state, shall be due and payable on the second succeeding September 15
19 following the assessment, unless otherwise provided by law.

20 (2) Any taxpayer who pays his state, county, or district taxes by November 1 after they
21 become due in any year shall be entitled to two percent (2%) discount thereon, and
22 the sheriff shall allow the discount and give a receipt in full to the taxpayer. The
23 sheriff may, at any time after the taxes mentioned in this section become due,
24 receive less than the face amount of the tax bill as a credit on the amount due,
25 including the amount of any penalties then due; and every payment shall be credited
26 upon the tax bill or upon sheets annexed thereto for that purpose, and acknowledged
27 in writing or by a rubber stamp, indicating the amount so paid to the sheriff. The

1 sheriff or any authorized collector of property taxes may accept payment of taxes
2 due by any commercially acceptable means, including credit cards.

3 (3) All state, county, and district taxes, except as otherwise provided by law, shall
4 become delinquent on January 1 following their due date.

5 (4) Any taxes which are not paid by the date when they become delinquent shall be
6 subject to a penalty of ten percent (10%) on the taxes due and unpaid; except that
7 taxes which became delinquent on January 1 shall be subject to a penalty of only
8 five percent (5%) on the taxes due and unpaid, if paid on or before the last day of
9 January. The sheriff shall collect the penalty and account for it as he is required to
10 collect and account for taxes.

11 (5) When the tax collection schedule is delayed, through no fault of the taxpayers, the
12 Department of Revenue~~[Cabinet]~~ may institute a revised collection schedule. The
13 revised collection dates shall allow a two percent (2%) discount for all payments
14 made within thirty (30) calendar days of the date the tax bills were mailed. Upon
15 expiration of the time period to pay the tax bill with a discount, the face amount of
16 the tax bill shall be due during the next thirty (30) days. If the time period to pay the
17 face amount has lapsed, a five percent (5%) penalty shall be added to the tax bill for
18 payments made during the next thirty (30) day period. Upon expiration of this time
19 period, a ten percent (10%) penalty shall be added to all tax bills paid thereafter.

20 (6) If, upon expiration of the five percent (5%) penalty period, the real property tax
21 delinquencies of the sheriff exceed fifteen percent (15%), the sheriff shall be
22 required to make additional reasonable collection efforts. If the sheriff fails to
23 initiate additional reasonable collection efforts within fifteen (15) business days
24 following the expiration of the five percent (5%) penalty period, the
25 commissioner~~[secretary]~~ of the department~~[cabinet]~~ may act in the name of and on
26 behalf of the cities, counties, schools, and other taxing districts to collect the
27 delinquent taxes. In the performance of any tax collection duties undertaken by the

1 department~~[cabinet]~~, the department~~[cabinet]~~ shall have all the powers, rights, and
 2 authority for the collection of taxes established in Chapters 131, 132, 133, and 134
 3 of the Kentucky Revised Statutes. If the department~~[cabinet]~~ assumes collection
 4 duties, all fees and commissions which the sheriff would have been entitled to
 5 receive from the taxing districts after the expiration of the five percent (5%) penalty
 6 period shall be paid to the department~~[cabinet]~~ for deposit in the delinquent tax
 7 fund as provided in KRS 134.400.

8 Section 250. KRS 134.040 is amended to read as follows:

9 If a tax is paid before the taxpayer's liability has been ascertained or before the taxpayer is
 10 notified thereof, the acceptance and deposit into the State Treasury of the remittance by
 11 the Department of Revenue~~[Cabinet]~~ shall not imply that the payment was the correct
 12 amount due, nor preclude assessment and collection of additional taxes found to be due,
 13 or refund of any part of the amount paid that may be in excess of that determined to be
 14 due.

15 Section 251. KRS 134.050 is amended to read as follows:

- 16 (1) Every tax imposed by law and all increases, penalties and interest thereon shall be a
 17 personal debt of the person liable for the payment thereof, from the time the tax
 18 becomes due until paid. In addition to all other remedies, the collection thereof may
 19 be enforced in the same manner as the collection of any other debt due the state.
 20 The penalty prescribed by KRS 135.060, when applicable, shall be applied to the
 21 amount of the original tax, interest and penalties.
- 22 (2) The Department of Revenue~~[Cabinet]~~ may refuse to accept a personal check as
 23 remittance in payment of taxes due or collected by any person who has ever
 24 tendered the state a check which, when presented for payment, was not honored.
 25 Any check so refused shall be considered as never having been tendered.

26 Section 252. KRS 134.148 is amended to read as follows:

- 27 (1) The sheriff may, at the time he settles his accounts with the fiscal court, pursuant to

1 KRS 134.310 provide the county clerk with a list of taxpayers whose tax bills on
2 motor vehicles or trailers are delinquent.

3 (2) The county clerk may file a lien on such vehicle or trailer on behalf of the state,
4 county, city, special district and school district and record such lien on the face of
5 the certificate of title and registration and in the manner in which lis pendens are
6 recorded. Delinquent tax bills shall be subject to interest at the rate of one percent
7 (1%) per month or fraction thereof from the date the lien is filed until paid.

8 (3) (a) No licensed automobile dealer shall be responsible for any tax lien not
9 recorded on the certificate of title and registration presented to the dealer by
10 the seller at the time of the dealer's purchase of the motor vehicle or trailer.

11 (b) In the event that a tax lien was recorded on the clerk's copy of the certificate of
12 title and registration, but not on the copy of the certificate of title and
13 registration presented to the dealer by the seller at the time of the dealer's
14 purchase of the motor vehicle or trailer, prior to the purchase of the motor
15 vehicle or trailer by the dealer, upon presentation of proof to the county clerk
16 that such was the case, the county clerk shall file such proof with his copy of
17 the certificate of title and registration and shall remove the lien.

18 (4) In the event that a bona fide purchaser for value without notice purchases a motor
19 vehicle or a trailer on which no lien has been filed on the certificate of title of such
20 motor vehicle or trailer as provided for in subsection (2) of this section, such person
21 shall not be held responsible for paying delinquent ad valorem taxes or lien fees on
22 the certificate of title of such motor vehicle or trailer if such lien was placed on the
23 certificate of title after same person's purchase of the motor vehicle or trailer.

24 (5) Upon proof being presented to the county clerk that the motor vehicle or trailer was
25 transferred to a bona fide purchaser for value without notice prior to the placing of a
26 lien on a certificate of title and registration, the clerk shall file such proof with the
27 certificate of title and registration and shall then remove the lien.

1 (6) The lien filing fee, as provided for in KRS 64.012, shall be added to the tax bill and
 2 be payable with the lien releasing fee by the registrant at the time of payment of the
 3 delinquent tax to the county clerk.

4 (7) The county clerk shall give a receipt to the registrant and make a report to the
 5 Department of Revenue~~[Cabinet]~~, the county treasurer and the other proper
 6 officials of all taxing districts that are due proceeds from the payment on the last
 7 working day of each month. He shall pay to the Department of Revenue~~[Cabinet]~~
 8 for deposit with the State Treasurer all moneys collected by him due to the state, to
 9 the county treasurer, all moneys due to the county and to the proper officials of all
 10 other taxing districts, the amount due each district. He shall pay the amount of fees,
 11 costs, commissions, and penalties to the persons, agencies or parties entitled thereto.

12 Section 253. KRS 134.150 is amended to read as follows:

13 No field agent, accountant or attorney of the Department of Revenue~~[Cabinet]~~ may
 14 collect any money due the state, or any county, school or other taxing district without
 15 specific written authority from the commissioner~~[secretary]~~ of revenue.

16 Section 254. KRS 134.160 is amended to read as follows:

17 (1) The sheriff shall keep his office at the county seat, except in counties where he has
 18 an office already established in a city other than the county seat, in which case he
 19 shall continue his office at the place now established. The fiscal court shall provide
 20 him with a room or rooms for an office, with a vault or place of safety in which to
 21 keep the records of his office. He shall keep his office open for the collection of
 22 taxes at all reasonable times, except on Sundays and legal holidays.

23 (2) The sheriff shall keep an accurate account of all moneys received by him, showing
 24 the amount, the time when and the person from whom received, and on what
 25 account. He shall also keep an accurate record of all disbursements made by him,
 26 showing the amount, to whom paid, the time of payment, and on what account. He
 27 shall so arrange and keep his books that the amounts received and paid on account

1 of separate and distinct appropriations shall be exhibited in separate and distinct
 2 accounts. He shall balance his books on the first day of each month, so as to show
 3 the correct amount on hand belonging to each fund on the day the balance is made.

4 The books shall be paid for as other county records.

5 (3) The sheriff shall keep his books and accounts in the manner and form required by
 6 the Department of Revenue~~[-Cabinet]~~.

7 (4) The books of the sheriff shall be open at all times to the inspection of the Auditor of
 8 Public Accounts, the Department of Revenue~~[-Cabinet]~~, the fiscal court or any
 9 member thereof, the Commonwealth's and county attorneys, and any taxpayer or
 10 person having any interest therein.

11 Section 255. KRS 134.190 is amended to read as follows:

12 (1) A sheriff who believes, on reasonable grounds, that any person from whom a tax is
 13 due is about to conceal or remove his property from the state, county or taxing
 14 district shall immediately collect the taxes in the manner provided for the collection
 15 of taxes, costs and penalties of delinquent taxpayers.

16 (2) Anyone holding royalties or payments derived from property shall, if requested by
 17 the Department of Revenue~~[-Cabinet]~~, sheriff, or collector, remit payment for
 18 delinquent taxes due on that property. However, the amount remitted shall not
 19 exceed the total amount being held. The delinquent tax payment may be deducted
 20 from the royalties or payments owed to the property owner. The property tax bill
 21 receipt shall be evidence of payment and authorization for deduction.

22 Section 256. KRS 134.215 is amended to read as follows:

23 (1) An outgoing sheriff, as soon as his successor has been qualified and inducted into
 24 office and his official bond approved, shall immediately vacate his office, deliver to
 25 his successor all books, papers, records, and other property held by virtue of his
 26 office, and make a complete settlement of his accounts as sheriff, except as
 27 otherwise provided in this section.

- 1 (2) All unpaid tax bills and bills upon which partial payments have been accepted in the
2 possession of the sheriff upon the date of expiration of his term shall be turned over
3 to the incoming sheriff, who shall collect and account for them as provided by law.
4 The outgoing sheriff shall take a receipt from the incoming sheriff for the unpaid
5 and partially paid tax bills. This receipt shall show in detail for each unpaid and for
6 each partially paid tax bill the total amount due each taxing district as shown upon
7 the tax bills. Provided, however, in counties containing a population of seventy
8 thousand (70,000) or over, the receipt shall show the total amount due each taxing
9 district as shown upon the unpaid and partially paid tax bills. The receipt shall be
10 signed and acknowledged by the incoming sheriff before the county clerk, filed with
11 the county judge/executive, and recorded in the order book of the county
12 judge/executive in the manner required by law for recording the official bond of the
13 sheriff. A certified copy of the receipt as recorded in the order book of the county
14 judge/executive shall be filed with the Department of Revenue~~[Cabinet]~~. The
15 outgoing sheriff and his bondsmen or sureties shall be relieved in securing his
16 quietus and in the final settlement of his accounts of all responsibility for collecting
17 and accounting for the amounts covered by the receipt, and the incoming sheriff
18 shall be charged with full responsibility for collecting and accounting for these
19 amounts as otherwise provided by law for the collection and accounting for taxes. If
20 a county's population that equaled or exceeded seventy thousand (70,000) is less
21 than seventy thousand (70,000) after the most recent federal decennial census, then
22 the provisions of KRS 64.368 shall apply.
- 23 (3) Each outgoing sheriff shall make a final settlement with the Department of
24 Revenue~~[Cabinet]~~ and the fiscal court and taxing district of his county by March 15
25 immediately following the expiration of his term of office for all charges of taxes
26 made against him and for all money received by him as sheriff and to obtain his
27 quietus, and immediately thereafter he shall deliver these records to the incumbent

1 sheriff.

2 (4) For purposes of accounting for unpaid and partially paid tax bills, either the
 3 outgoing sheriff, the incoming sheriff, or both, may, by giving advance notice by
 4 publication pursuant to KRS Chapter 424, refuse to accept payment of ad valorem
 5 taxes during any or all of that portion of their terms of office from January 1
 6 through January 15. Irrespective of whether the office refuses to accept payment of
 7 taxes during any or all of this fifteen (15) day period, both the incoming and
 8 outgoing sheriffs shall have working access to the office facilities and to the records
 9 and mail of the sheriff's office relating to the payment, collection, and refund of ad
 10 valorem taxes on property. Interest shall not be assessed or collected for the period
 11 during which payment of taxes is prohibited under the terms of this section.

12 (5) The outgoing sheriff shall be allowed and paid in accordance with KRS 64.140 and
 13 64.530 the reasonable expenses actually incurred in preparing the receipt required
 14 under this section. Reasonable expenses actually incurred may include office
 15 expenses and salaries of himself, deputies, and employees paid in accordance with
 16 the schedule of the previous year or the amount paid an auditor necessary in
 17 determining, verifying, and recording the unpaid and partially paid tax bills turned
 18 over to the incoming sheriff.

19 Section 257. KRS 134.240 is amended to read as follows:

20 The bond of the sheriff executed pursuant to KRS 134.230 shall be, in substance, as
 21 follows: "We, A B (sheriff), and C D and E F, his sureties, bind and obligate ourselves,
 22 jointly and severally, to the Commonwealth of Kentucky, that the said A B (sheriff), shall
 23 faithfully perform his duties. Witness our signature this of" The bond shall be
 24 executed in duplicate. One (1) duplicate shall be filed and recorded in the county clerk's
 25 office, and the other shall be sent to the Department of Revenue~~[Cabinet]~~ and filed in its
 26 office.

27 Section 258. KRS 134.270 is amended to read as follows:

Neither the sheriff nor a surety shall be liable for any act or default of the sheriff in connection with his revenue duties unless notice of the act or default of the sheriff giving rise to a claim upon the bond has been given to the surety by the Department of Revenue ~~Cabinet~~, the county judge/executive, the county attorney, or other person asserting the claim within ninety (90) days after discovery or at the latest within one (1) year after the end of the year within which the bond was executed.

Section 259. KRS 134.280 is amended to read as follows:

(1) On the failure of the sheriff to execute bond and qualify as provided in KRS 134.230 he shall forfeit his office, and the county judge/executive may appoint a sheriff to fill the vacancy until a sheriff is elected, or it may appoint a collector for the county of all moneys due the state, county or taxing district authorized to be collected by the sheriff, or it may appoint a separate collector of all the moneys due the state, county or any taxing district thereof during the vacancy in the office of sheriff. If the county judge/executive fails for thirty (30) days to appoint a collector of money due the state, the Department of Revenue ~~Cabinet~~ may appoint a collector thereof. These collectors shall, within ten (10) days after their appointment, execute bond as required of the sheriff, to be approved by the county judge/executive, and if the bond is not executed within that time the appointment of another collector may, in like manner, be made, but such collector shall be required to give bond for and collect only the taxes or moneys provided for in the order of the county judge/executive appointing him.

(2) A sheriff who forfeits his office under subsection (1) of this section, or who resigns his office, shall not be appointed deputy sheriff or collector for the county, or elisor, deputy collector or deputy elisor.

Section 260. KRS 134.290 is amended to read as follows:

(1) In counties where the state taxes charged to the sheriff for the year are less than seventy-five thousand dollars (\$75,000), he shall be allowed by the Department of

1 Revenue[~~Cabinet~~], for collecting such taxes, a commission of ten percent (10%)
 2 upon the first ten thousand dollars (\$10,000) and four and one-quarter percent
 3 (4.25%) upon the residue. In all other counties, he shall be allowed ten percent
 4 (10%) upon the first five thousand dollars (\$5,000) and four and one-quarter percent
 5 (4.25%) upon the residue.

6 (2) In counties where county taxes and special district taxes, excluding school taxes,
 7 charged to the sheriff for the year are less than one hundred fifty thousand dollars
 8 (\$150,000), he shall be allowed by the county treasurer for collecting such taxes ten
 9 percent (10%) upon the first ten thousand dollars (\$10,000) and four and one-
 10 quarter percent (4.25%) upon the residue. In all other counties, he shall be allowed
 11 ten percent (10%) upon the first five thousand dollars (\$5,000) and four and one-
 12 quarter percent (4.25%) upon the residue.

13 (3) Notwithstanding the provisions of subsection (1) of this section, the Department of
 14 Revenue[~~Cabinet~~] shall allow the sheriff a commission for 1996 and subsequent
 15 years equal to the amount allowed the sheriff in 1995, or the amount required by the
 16 provisions of subsection (1) of this section, whichever is greater.

17 (4) Notwithstanding the provisions of subsection (2) of this section, the county
 18 treasurer shall allow the sheriff a commission for 1996 and subsequent years equal
 19 to the amount allowed the sheriff in 1995, or the amount required by the provisions
 20 of subsection (2) of this section, whichever is greater.

21 Section 261. KRS 134.310 is amended to read as follows:

22 (1) The sheriff shall annually settle his accounts for county and district taxes with the
 23 fiscal court after making settlement with the Department of Revenue[~~Cabinet~~]. The
 24 fiscal court shall appoint some competent person other than the Commonwealth's or
 25 county attorney to settle the accounts of the sheriff for money due the county or
 26 district. The department[~~cabinet~~], at the request of the fiscal court or any school
 27 district, may conduct the local settlement. If no local settlement has been initiated

1 by July 1 of any year, the department~~[cabinet]~~ may initiate the local settlement on
 2 behalf of the local district. Upon completion of the local settlement, the
 3 department~~[cabinet]~~ may receive reasonable reimbursement for expenses incurred.
 4 The report of the state and local settlement shall be filed in the county clerk's office
 5 and approved by the county judge/executive no later than September 1 of each year.
 6 The settlement shall show the amount of ad valorem tax collected, and an itemized
 7 statement of the money disbursed.

8 (2) The settlement shall be published pursuant to KRS Chapter 424. The report of the
 9 settlement shall be subject to objections by the sheriff or by the county attorney,
 10 who shall represent the state and county, and the county judge/executive shall
 11 determine the objections. Objections shall be submitted to the county
 12 judge/executive within fifteen (15) days of the filing of the settlement in the clerk's
 13 office. If no objections are submitted, the settlement will become final.

14 (3) If the county judge/executive denies the objections, the sheriff may institute an
 15 action in Circuit Court within fifteen (15) days of receipt of the denial for review of
 16 the settlement and objections. Upon review, the Circuit Court shall issue its
 17 determination and the settlement shall become final. The final settlement shall be
 18 subject to correction by audit conducted pursuant to KRS 43.070 or 64.810.

19 (4) On the final settlement, the sheriff shall pay to the county treasurer all money that
 20 remains in his hands, and take receipts as provided in KRS 134.300, and shall pay
 21 any additional amounts charged against him as a result of the settlements. If the
 22 sheriff fails to remit amounts charged against him the department~~[cabinet]~~ may
 23 issue bills for the subsequent year and may assume all collection duties in the name
 24 of and on behalf of the cities, counties, school districts, and other taxing districts to
 25 collect the taxes. In the performance of any tax collection duties undertaken by the
 26 department~~[cabinet]~~, the department~~[cabinet]~~ shall have all the powers, rights, and
 27 authority for the collection of taxes established in Chapters 131, 132, 133, and 134

1 of the Kentucky Revised Statutes. The fees and commissions which the sheriff
 2 would have been entitled to receive from the taxing districts shall be paid to the
 3 department~~[cabinet]~~.

4 (5) In counties containing a population of less than seventy thousand (70,000), the
 5 sheriff shall file annually with his final settlement:

6 (a) A complete statement of all funds received by his office for official services,
 7 showing separately the total income received by his office for services
 8 rendered, exclusive of his commissions for collecting taxes, and the total
 9 funds received as commissions for collecting state, county, and school taxes;
 10 and

11 (b) A complete statement of all expenditures of his office, including his salary,
 12 compensation of deputies and assistants, and reasonable expenses.

13 (6) At the time he files the statements required by subsection (5) of this section, the
 14 sheriff shall pay to the fiscal court any fees, commissions, and other income of his
 15 office, including income from investments, which exceed the sum of his maximum
 16 salary as permitted by the Constitution and other reasonable expenses, including
 17 compensation of deputies and assistants. The settlement for excess fees and
 18 commissions and other income shall be subject to correction by audit conducted
 19 pursuant to KRS 43.070 or 64.810, and the provisions of this subsection shall not be
 20 construed to amend KRS 64.820 or 64.830.

21 (7) If a county's population that equaled or exceeded seventy thousand (70,000) is less
 22 than seventy thousand (70,000) after the most recent federal decennial census, then
 23 the provisions of KRS 64.368 shall apply.

24 Section 262. KRS 134.320 is amended to read as follows:

25 (1) The sheriff shall, by the tenth day of each month, or more often as may be required
 26 by the Department of Revenue~~[Cabinet]~~ to prevent the sheriff from having funds in
 27 his possession in excess of the amount of his bond, report under oath to the

1 department~~[cabinet]~~ the amount of all state taxes he has collected during the
 2 preceding month, or for such period as the department~~[cabinet]~~ may require.

3 (2) The sheriff shall, at the time of making this report, pay to the department~~[cabinet]~~,
 4 for deposit with the State Treasurer, all taxes he has collected for the state for the
 5 preceding month or period.

6 (3) The department~~[cabinet]~~ may report to the grand jury of Franklin County any
 7 sheriff failing to report as required. Any sheriff failing to pay over any taxes
 8 collected by him and due the state, as provided by law, shall be required by the
 9 department~~[cabinet]~~ to pay a penalty of one percent (1%) for each thirty (30) day
 10 period or fraction thereof plus interest at the legal rate per annum on such taxes. The
 11 department~~[cabinet]~~ in its settlement with the sheriff shall charge him with such
 12 penalties and interest.

13 (4) The Department of Revenue~~[-Cabinet]~~ may grant an extension of time, not to
 14 exceed fifteen (15) days, for filing the report required by subsection (1) whenever,
 15 in its judgment, good cause therefor exists. The extension shall be in writing, and
 16 the department~~[cabinet]~~ shall keep a record of such extensions. The extension when
 17 granted shall suspend the penalty and interest provided by subsection (3) for the
 18 duration of the extension. The penalty and interest shall apply at the expiration of
 19 the extension.

20 Section 263. KRS 134.325 is amended to read as follows:

21 Each sheriff shall conduct the sale of delinquent tax bills required by KRS 134.430 and
 22 make his records available for settlement with the Department of Revenue~~[-Cabinet]~~ for
 23 all taxes collected for the Commonwealth before April 30 of each year during his term of
 24 office. In the event that any sheriff resigns, dies, or otherwise vacates his office, the books
 25 and records shall be made available within thirty (30) days from the date that the office is
 26 vacated. Any sheriff who fails to make the settlement books and records available or fails
 27 to remit any amounts which are due to the taxing districts as required by law shall be

1 subject to indictment in the county of his residence and fined not less than five hundred
2 dollars (\$500) nor more than five thousand dollars (\$5,000).

3 Section 264. KRS 134.330 is amended to read as follows:

4 (1) No tax bill or tax book shall be delivered to the sheriff during the second or any
5 subsequent calendar year of the sheriff's regular term until he exhibits a quietus
6 from the Department of Revenue~~[Cabinet]~~ and from the fiscal court of his county
7 for the preceding tax period and his revenue bond, if bonding is required by the
8 fiscal court, for the next tax year.

9 (2) If the tax records of a county are destroyed by fire, lost, stolen, or mutilated so as to
10 require reassessment of the property in the county or a recertification of the tax
11 bills, the sheriff shall have five (5) months from the time he receives the recertified
12 tax bills within which to make settlement with the department~~[cabinet]~~ and the
13 fiscal court, and to receive his quietus from the department~~[cabinet]~~ and the fiscal
14 court.

15 Section 265. KRS 134.340 is amended to read as follows:

16 (1) The sheriff shall, when he collects money from a delinquent taxpayer, record the
17 tax, interest and penalty on his record book kept for that purpose.

18 (2) If the sheriff fails to record the money collected from a delinquent taxpayer, or fails
19 to collect the tax due from a delinquent taxpayer if it was collectible by sale or
20 otherwise when it came to his hands, he shall be held liable on his bond for the
21 amount of tax, penalties, interest and costs due from the delinquent taxpayer that
22 was collectible, plus thirty percent (30%) penalty thereon, to be recovered in the
23 Circuit Court of the county in which the tax is due, on motion of the county attorney
24 or agent of the Department of Revenue~~[Cabinet]~~ in the name of the state. The
25 county attorney shall prosecute all such motions, for which services he shall be
26 entitled to the penalties thereon recovered of the sheriff, but only if the tax, interest,
27 costs, and penalties due are recovered and paid to the officers entitled to receive the

1 same. The sheriff shall have ten (10) days' previous notice of the motion.

2 Section 266. KRS 134.360 is amended to read as follows:

3 In making his settlements with the fiscal court and the Department of Revenue~~[Cabinet]~~,
4 the sheriff shall file a list of uncollectible delinquent taxes, which shall entitle the sheriff
5 to a credit in his official settlement. The sheriff shall also be allowed credit in his official
6 settlement for the tax bills on which certificates of delinquency have properly been issued
7 to the state, county, and taxing districts.

8 Section 267. KRS 134.380 is amended to read as follows:

- 9 (1) The commissioner~~[secretary]~~ may act in the name of and in behalf of the state and
10 in the name of and in behalf of any and all counties, consolidated local government,
11 school, and other taxing districts in the state to institute and prosecute any action or
12 proceeding for the collection of delinquent taxes and the assessment of omitted
13 property. If the department~~[cabinet]~~ assumes the duties of collecting the delinquent
14 taxes assessed under the authority of KRS Chapter 132, it shall have all the powers,
15 rights, duties, and authority conferred generally upon the department~~[cabinet]~~ by
16 the Kentucky Revised Statutes, including but not limited to Chapters 131, 134, and
17 135.
- 18 (2) Field agents, accountants, and attorneys of the department~~[cabinet]~~ shall prosecute
19 all actions and proceedings under the direction of the commissioner~~[secretary]~~.
20 Field agents, accountants, attorneys, and all other employees of the
21 department~~[cabinet]~~ engaged in the prosecution of the actions shall not be hired by
22 personal service contract. The commissioner~~[secretary]~~ shall prosecute diligently,
23 or cause to be prosecuted by field agents, accountants, and attorneys employed by
24 him, the collection of all delinquent taxes due the state.
- 25 (3) Nothing contained in this chapter shall prevent the commissioner~~[secretary]~~ of
26 revenue from assessing any property in accordance with the provisions of KRS
27 136.020, 136.030, 136.050, or 136.120 to 136.180.

1 (4) The department~~[cabinet]~~ may require the use of any reports, forms, or databases
2 necessary to administer the law in connection with the collection of delinquent
3 taxes. The department~~[cabinet]~~ shall require an index to be kept of all certificates of
4 delinquency.

5 Section 268. KRS 134.385 is amended to read as follows:

6 The department~~[cabinet]~~ shall conduct a special audit to determine the presence or
7 absence of chronic underassessment in any county for which the sales-assessment ratio
8 studies conducted under the provisions of KRS 133.250 indicates a ratio below eighty
9 percent (80%) for two (2) consecutive calendar years. The audit may be conducted
10 through the use of randomly-selected sample appraisals or other means reasonably
11 calculated to present an accurate determination of assessment practices in the county.

12 Section 269. KRS 134.390 is amended to read as follows:

13 A tax bill rendered against omitted property required to be listed with the property
14 valuation administrator or the Department of Revenue~~[Cabinet]~~ or against an increase in
15 valuation over that claimed by the taxpayer, as finally determined upon appeal as
16 provided for in KRS 133.120, shall become due on the day the bill is prepared, and shall
17 be considered delinquent and subject to a penalty of ten percent (10%) of the tax, penalty
18 and interest due, unless paid within thirty (30) days after it becomes due, except as
19 otherwise provided by law. All provisions of law of the particular taxing district having
20 an interest therein relating to delinquent taxes on the same class of property or taxpayers
21 involved shall apply to the delinquent omitted tax bill unless otherwise provided by law.

22 Section 270. KRS 134.400 is amended to read as follows:

23 (1) All penalties imposed by law, either in whole or in part, in favor of or for the benefit
24 of agents of the Department of Revenue~~[Cabinet]~~, sheriffs, and other state, county,
25 or district agents or officers, upon or for the recovery of taxes or the assessment of
26 omitted property, shall be paid into the State Treasury and credited as provided for
27 the twenty percent (20%) penalty in subsection (2) of this section.

1 (2) The twenty percent (20%) penalty collected on taxes due the state, county, school,
 2 or other taxing district shall be paid into the State Treasury. One-fourth (1/4) of the
 3 moneys thus received shall be credited to the general expenditure fund. The
 4 remaining three-fourths (3/4) shall also be credited to the general expenditure fund
 5 unless the General Assembly, in its biennial branch budget bill, provides that it be
 6 credited to a fund to be designated and known as the delinquent tax fund, in which
 7 case it shall be so credited and so much thereof as may be necessary shall be used
 8 for the administration and enforcement of the laws relating to the collection of
 9 delinquent taxes and the assessment of omitted property. All salaries, fees, and
 10 expenses authorized by the laws relating to the collection of delinquent taxes and
 11 the assessment of omitted property, except the fees of county attorneys, shall be
 12 payable out of the delinquent tax fund upon certifications or requisitions of the
 13 commissioner~~secretary~~ of revenue.

14 Section 271. KRS 134.410 is amended to read as follows:

15 Should any life insurance company, casualty company, marine insurance, fire insurance,
 16 security or indemnity company be in debt to the state for back taxes, or should any of
 17 such companies fail to pay into the State Treasury the correct amount of taxes due the
 18 state, the commissioner~~secretary~~ of revenue shall cause an investigation to be made of
 19 their books and accounts, and employ such expert accountants as he may deem necessary
 20 for such work. The granting of power to the commissioner~~secretary~~ to investigate the
 21 books and accounts of those engaged in the business of insurance for the purposes set
 22 forth in this section shall not be construed as a denial of power to the
 23 commissioner~~secretary~~ to investigate for the same purposes the books and accounts of
 24 individuals or corporations engaged in other types of business, who have failed to pay
 25 into the State Treasury the correct amount of tax due the state.

26 Section 272. KRS 134.420 is amended to read as follows:

27 (1) The state and each county, city, or other taxing district shall have a lien on the

property assessed for taxes due them respectively for ten (10) years following the date when the taxes become delinquent, and also on any real property owned by a delinquent taxpayer at the date when the sheriff offers the tax claims for sale as provided in KRS 134.430 and 134.440. This lien shall not be defeated by gift, devise, sale, alienation, or any means except by sale to a bona fide purchaser, but no purchase of property made before final settlement for taxes for a particular assessment date has been made by the sheriff shall preclude the lien covering the taxes. The lien shall include all interest, penalties, fees, commissions, charges, costs, reasonable attorney fees, and other expenses incurred by reason of delinquency in payment of the tax bill or certificate of delinquency or in the process of collecting either, and shall have priority over any other obligation or liability for which the property is liable. The lien of any city, county, or other taxing district shall be of equal rank with that of the state. When any proceeding is instituted to enforce the lien provided in this subsection, it shall continue in force until the matter is judicially terminated. Every city of the third, fourth, fifth, and sixth class shall file notice of the delinquent tax liens with the county clerk of any county or counties in which the taxpayer's business or residence is located, or in any county in which the taxpayer has an interest in property. The notice shall be recorded in the same manner as notices of lis pendens are filed, and the file shall be designated miscellaneous state and city delinquent and unpaid tax liens.

- (2) If any person liable to pay any tax administered by the Department of Revenue ~~Cabinet~~, other than a tax subject to the provisions of subsection (1) of this section, neglects or refuses to pay the tax after demand, the tax due together with all penalties, interest, and other costs applicable provided by law shall be a lien in favor of the Commonwealth of Kentucky. The lien shall attach to all property and rights to property owned or subsequently acquired by the person neglecting or refusing to pay the tax.

- 1 (3) The lien imposed by subsection (2) of this section shall remain in force for ten (10)
 2 years from the date the notice of tax lien has been filed by the
 3 commissioner~~secretary~~ of the Department of Revenue~~Cabinet~~, or his delegate
 4 with the county clerk of any county or counties in which the taxpayer's business or
 5 residence is located, or any county in which the taxpayer has an interest in property.
- 6 (4) The tax lien imposed by subsection (2) of this section shall not be valid as against
 7 any purchaser, judgment lien creditor, or holder of a security interest or mechanic's
 8 lien until notice of the tax lien has been filed by the commissioner~~secretary~~ of the
 9 Department of Revenue~~Cabinet~~ or his delegate with the county clerk of any
 10 county or counties in which the taxpayer's business or residence is located, or in any
 11 county in which the taxpayer has an interest in property. The recording of the tax
 12 lien shall constitute notice of both the original assessment and all subsequent
 13 assessments of liability against the same taxpayer. Upon request, the Department of
 14 Revenue~~Cabinet~~ shall disclose the specific amount of liability at a given date to
 15 any interested party legally entitled to the information.
- 16 (5) Even though notice of a tax lien has been filed as provided by subsection (4) of this
 17 section, and notwithstanding the provisions of KRS 382.520, the tax lien imposed
 18 by subsection (2) of this section shall not be valid with respect to a security interest
 19 which came into existence after tax lien filing by reason of disbursements made
 20 within forty-five (45) days after the date of tax lien filing or the date the person
 21 making the disbursements had actual notice or knowledge of tax lien filing,
 22 whichever is earlier, provided the security interest:
- 23 (a) Is in property which:
- 24 1. At the time of tax lien filing is subject to the tax lien imposed by
 - 25 subsection (2) of this section; and
 - 26 2. Is covered by the terms of a written agreement entered into before tax
 - 27 lien filing; and

(b) Is protected under local law against a judgment lien arising, as of the time of tax lien filing, out of an unsecured obligation.

Section 273. KRS 134.430 is amended to read as follows:

- (1) All personal property owned by a delinquent taxpayer shall be subject to distraint, and all property owned by him shall be subject to levy and sale by the proper collecting officer at any time from February 1 after the tax claim becomes delinquent until the tax claim is barred by limitations, unless otherwise provided by law.
- (2) When any taxpayer becomes delinquent in the payment of a tax bill covering any property assessed by the property valuation administrator, the county board of assessment appeals, the department~~[cabinet]~~, or any omitted property irrespective of by whom assessed, the sheriff may distraint a sufficient quantity of the delinquent's personal property in the county to pay the tax claim, and a necessary part of this property shall be sold as under execution for cash. Neglect on the part of the sheriff to distraint and sell personal property shall not affect the validity of the sale of the tax claim, or the lien or the rights of any purchaser. If personal property sufficient to satisfy the tax claim cannot be found in the county, the sheriff may sell so much of the personal property as is found and enter proper credit on the tax bill.
- (3) As compensation for services, the sheriff shall be entitled to an additional ten percent (10%) of that part of the tax claim represented by the total taxes plus ten percent (10%) penalty, for all delinquent taxes collected from the time the ten percent (10%) penalty becomes applicable through the sale of the tax claims. This fee shall be added to the total amount due and paid by the person paying the delinquent tax bill.
- (4) If no personal property is found, or the amount found is insufficient, the sheriff shall, no later than the first full week in April, advertise for sale the tax claims of the state, county, and other taxing districts, if there is any real property subject to

1 the lien provided in subsection (1) of KRS 134.420. The sheriff shall receive offers
 2 for the purchase of tax claims up to fifteen (15) business days following the date of
 3 the initial advertisement or no later than April 30, or the last business day prior to
 4 April 30, if April 30 falls on a weekend or holiday.

- 5 (5) No sheriff shall knowingly sell a tax claim on the same tract of land more than once
 6 for the same tax.

7 Section 274. KRS 134.450 is amended to read as follows:

- 8 (1) The sheriff shall sell all tax claims for which payment by the delinquent taxpayer
 9 has not been made by the closing date for the acceptance by the sheriff of offers to
 10 purchase delinquent tax claims. If there is more than one (1) willing purchaser who
 11 has made an offer, the one having made the most recent purchase of a tax claim
 12 against the same delinquent or the same property shall have preference; if there is
 13 no such person, the person being the first, in the judgment of the sheriff, to offer to
 14 pay cash in the full amount of the tax claim shall receive priority for the purchase of
 15 the tax claim. If the total of all offers to purchase exceeds ten percent (10%) of the
 16 total dollar amount of the delinquent bills offered for sale, or the sum of two
 17 hundred thousand dollars (\$200,000), whichever is less, the sheriff shall notify the
 18 Finance and Administration Cabinet of the offers of purchase within five (5)
 19 business days of the closing date when the offers were received. Upon receipt of the
 20 notice, the Finance and Administration Cabinet shall purchase the delinquent tax
 21 bills upon which the sheriff has received an offer of purchase and shall tender
 22 payment to the sheriff within fifteen (15) business days of the receipt of the sheriff's
 23 notice. Upon purchase of the tax claims, the state shall be the owner of the tax bills
 24 and may contract with the county attorney to collect all amounts due on its behalf
 25 under the terms and conditions of the county attorney's contract with the
 26 Department of Revenue~~[Cabinet]~~ to collect delinquent taxes. If the county attorney
 27 has not contracted with the Department of Revenue~~[Cabinet]~~ to collect delinquent

- 1 taxes, the Department of Revenue~~[Cabinet]~~ shall collect all amounts due on behalf
 2 of the Finance and Administration Cabinet. If the Finance and Administration
 3 Cabinet does not purchase all of the delinquent tax bills, within fifteen (15) days of
 4 the closing date, the sheriff shall complete the sale of those tax claims for which the
 5 sheriff has received responsible offers to purchase. When a sale is made the tax bill
 6 shall be known as a certificate of delinquency and the sheriff shall inscribe thereon
 7 the date of sale, the sale price, and the name and address of the purchaser, in the
 8 place and manner prescribed by the Department of Revenue~~[Cabinet]~~, and the
 9 purchaser shall be entitled to a certified copy of the certificate of delinquency.
- 10 (2) If no responsible offer in the amount of the tax claim is received, the sheriff shall
 11 purchase it for the state, county, and taxing districts having an interest in the tax
 12 claim. In such case, the tax bill shall also be known as a certificate of delinquency,
 13 and the sheriff shall inscribe thereon the same information required when one other
 14 than the state, county, or taxing district is the purchaser.
- 15 (3) The sheriff shall file all certificates of delinquency in the county clerk's office
 16 immediately upon completion of the tax sale, or in a county containing a city of the
 17 first class or consolidated local government, within fourteen (14) working days of
 18 the sale, and the clerk shall retain them. The county clerk shall acknowledge receipt
 19 of the certificates by signing a receipt form that has been prepared in a manner
 20 prescribed by the Department of Revenue~~[Cabinet]~~. If the sheriff fails to file the
 21 certificates, he shall be liable on his official bond for the aggregate amount of the
 22 certificates not returned, but the claim of the purchaser shall not be affected by this
 23 neglect. If the sheriff fails to return any certificate, the purchaser may file his
 24 certified copy with the clerk, with the same effect as the original.
- 25 (4) The clerk shall make, execute, and deliver a certified copy of a certificate of
 26 delinquency to the payor, or the clerk may provide for a certified electronic register
 27 of the certificates of delinquency in the clerk's record in lieu of delivering a certified

1 copy of the certificate of delinquency.

2 (5) The certificate of delinquency is assignable by endorsement. The clerk shall note the
3 assignment on the certificate of delinquency or the clerk may provide for a certified
4 electronic certificate of delinquency in the clerk's records in lieu of delivering a
5 certified copy of the certificate of delinquency. An assignment when noted on the
6 record in the office of the county clerk vests in the assignee all rights and title of the
7 original purchaser.

8 Section 275. KRS 134.480 is amended to read as follows:

9 (1) The delinquent taxpayer or any person owning or having a legal or equitable interest
10 in real property covered by a certificate of delinquency may at any time pay the total
11 amount of the certificate to any purchaser thereof, and any person whatsoever may
12 likewise pay a certificate of delinquency when the state, county, or taxing district
13 was the purchaser. When a certificate is paid to an owner other than the state,
14 county, or taxing district, the assignee shall mark paid in full on the certified copy
15 of the certificate and shall surrender the certified copy of the certificate of
16 delinquency to the person making payment, and if he is the person primarily liable
17 on the certificate he may file it with the county clerk and have the certificate
18 released of record. When a certificate of delinquency has been fully paid to the
19 state, county, and taxing districts, the clerk shall note the name and address of the
20 person making the payment, the amount paid by him, and such other information as
21 the Department of Revenue~~[-Cabinet]~~ may require. The clerk shall mark the
22 certificate of delinquency paid in full. Payment in such instance by one other than
23 the person primarily liable on the certificate will amount to an assignment thereof.
24 The clerk shall note the assignment on the certificate of delinquency and provide the
25 assignee a certified copy of the certificate of delinquency, or the clerk may provide
26 for a certified electronic certificate of delinquency in the clerk's records in lieu of
27 delivering a certified copy of the certificate of delinquency. Anyone other than the

1 person primarily liable who pays a certificate or purchases it from an owner other
 2 than the state, county, and taxing district may, by paying a fee of fifty cents (\$0.50),
 3 have the clerk record the payment or purchase and such recordation shall constitute
 4 an assignment thereof. Failure to obtain such an assignment shall render the claim
 5 of such payor or purchaser to any real estate represented thereby inferior to rights of
 6 other bona fide purchasers, payors, or creditors. Any owner of a certificate of
 7 delinquency once having paid the assignment fee may have a change of his address
 8 noted of record by the clerk without paying an additional charge, otherwise he shall
 9 pay a fee of fifty cents (\$0.50) to the clerk for entering such change on the
 10 certificate.

11 (2) The county clerk may receive payment of the amount due on certificates of
 12 delinquency owned by the state, county, and taxing districts, and he shall give a
 13 receipt to the payor and make a report to the Department of Revenue~~[Cabinet]~~, the
 14 county treasurer, and the proper officials of the taxing districts as often as such units
 15 may require, and not less than once in every thirty (30) days. The clerk may accept
 16 payment of taxes due by any commercially acceptable means, including credit cards.
 17 He shall pay to the Department of Revenue~~[Cabinet]~~ for deposit with the State
 18 Treasurer all moneys collected by him due the state, to the county treasurer all
 19 moneys due the county, and to the authorized officers of the taxing districts the
 20 amount due each such district. He shall pay the amount of fees, costs, commissions,
 21 and penalties to the persons, agencies, or parties entitled thereto. He shall retain ten
 22 percent (10%) of the amount due each taxing unit for his services as a fee. This fee
 23 shall be added to the amount of the tax claim and paid by the persons paying the tax
 24 claim.

25 (3) If the person entitled to pay a certificate of delinquency sends a registered letter
 26 addressed to the owner of record of the certificate, other than the state, county, or
 27 taxing district, and the letter is returned by mail unclaimed, the sender thereof may

1 make payment to the county clerk, who shall make the necessary assignment or
2 release and deposit the money to the account of the owner of record in the nearest
3 bank having its deposits insured with the Federal Deposit Insurance Corporation.
4 The clerk may deduct the sum of fifty cents (\$0.50) as a fee for such service. The
5 name of the bank in which the money is deposited shall be noted on the certificate.

6 (4) If any clerk fails to pay to the person entitled thereto, upon demand, the money
7 received in payment of a certificate of delinquency, he and his sureties shall be
8 liable for the same and twenty percent (20%) interest thereon annually from the
9 time he received it until paid.

10 (5) Copies of the records provided for in KRS 134.450 and this section, certified by the
11 county clerk, shall be evidence of the facts stated in them in all the courts of this
12 state.

13 Section 276. KRS 134.500 is amended to read as follows:

14 (1) (a) Certificates of delinquency shall bear interest at twelve percent (12%) per
15 annum simple interest from the date the certificate of delinquency is issued. A
16 fraction of a month is counted as an entire month. The five dollar (\$5) sheriff's
17 fee, the advertising costs provided in KRS 134.420, the clerk's add-on fee
18 provided in KRS 134.480, and the county attorney's add-on fee provided in
19 this section shall be included in the interest calculation in counties containing
20 cities of the first class or consolidated local government and shall be excluded
21 in other counties, except upon adoption of an ordinance by a county to include
22 in the interest calculation the fees provided for in KRS 134.420, the clerk's
23 add-on fee provided in KRS 134.480, and the county attorney's add-on fee
24 provided in this section. All tax bills on omitted property that were not turned
25 over to the sheriff in time to be collected or to make the sale provided for in
26 KRS 134.430 and 134.440 shall also be submitted to the fiscal court but shall
27 be carried over as a charge against the sheriff at the time he or she makes the

1 next regular settlement.

2 (b) A certificate of delinquency shall bear interest at twelve percent (12%) per
 3 annum simple interest from the date the certificate of delinquency is issued. A
 4 fraction of a month is counted as an entire month. The total amount of the
 5 certificate of delinquency, the clerk's add-on fee provided in KRS 134.480,
 6 and the county attorney's add-on fee provided in this section shall be included
 7 in the base for the interest calculation. All tax bills on omitted property that
 8 were not turned over to the sheriff in time to be collected or to make the sale
 9 provided for in KRS 134.430 and 134.440 shall also be submitted to the fiscal
 10 court but shall be carried over as a charge against the sheriff at the time he
 11 makes his next regular settlement.

12 (2) The department~~[cabinet]~~ shall be responsible for the collection of certificates of
 13 delinquency and delinquent personal property tax bills; however, the
 14 department~~[cabinet]~~ shall first offer the collection duties to the county attorney,
 15 unless the department~~[cabinet]~~ determines that the county attorney has previously
 16 failed to perform collection duties in a reasonable and acceptable manner. Any
 17 county attorney desiring to perform the duties associated with the collection of
 18 delinquent tax claims shall enter into a contract with the department~~[cabinet]~~ on an
 19 annual basis. The terms of the contract shall specify the duties to be undertaken by
 20 the county attorney. These duties shall include but are not limited to the following
 21 actions:

22 (a) Within fifty (50) days after the issuance of a certificate of delinquency to the
 23 state, county, and taxing district, the county attorney or the Department of
 24 Revenue~~[Cabinet]~~ shall cause a notice of the purchase to be mailed by regular
 25 mail to the property owner at the address on the records of the property
 26 valuation administrator. The notice shall advise the owner that the certificate
 27 is a lien of record against all property of the owner, and bears interest at the

- 1 rate of twelve percent (12%) per annum, and if not paid will be subject to
 2 collection by the county attorney as provided by law.
- 3 (b) The county attorney shall file in the office of the county clerk a list of the
 4 names and addresses to which the notice was mailed along with a certificate
 5 that the notice was mailed in accordance with the requirements of this section.
- 6 (c) All notices returned as undeliverable shall be submitted to the property
 7 valuation administrator. The property valuation administrator shall attempt to
 8 correct inadequate or erroneous addresses and, if property has been
 9 transferred, shall determine the new owner and the current mailing address.
 10 The property valuation administrator shall return the notices with the
 11 corrected information to the county attorney prior to the expiration of the one
 12 (1) year tolling period provided in KRS 134.470.
- 13 (d) Within ninety (90) days after the expiration of the one (1) year tolling period
 14 provided in KRS 134.470, the county attorney shall cause a notice of his
 15 intention to enforce the lien to be mailed to all owners whose tax bills remain
 16 delinquent. No second notice shall be required for addresses previously
 17 determined to be undeliverable and for which the property valuation
 18 administrator has not provided corrected information.
- 19 (e) Failure to mail the notices shall not affect the validity of the claim of the state,
 20 county, and taxing district. The postal cost of mailing the notices shall be
 21 added to the certificate of delinquency and, upon collection, the county
 22 attorney shall be reimbursed for the postage. The county attorney shall deliver
 23 at the same time a list of the owners whose tax bills remain delinquent to the
 24 property valuation administrator. The property valuation administrator shall
 25 review this list in accordance with the provisions of KRS 132.220 to establish
 26 that the properties on the list can be identified and physically located.
- 27 (3) The county attorney who enters into a contract with the department~~cabinet~~ shall

1 have a period of two (2) years after the expiration of the one (1) year tolling period
2 provided in KRS 134.470 to collect delinquent tax bills or to initiate court action for
3 their collection. At the expiration of the two (2) years the department~~[cabinet]~~ may
4 assume responsibility for all uncollected bills except those with pending court
5 action.

6 (4) The county attorney who enters into a contract with the department~~[cabinet]~~ and
7 performs his or her duties in respect to the certificate of delinquency and delinquent
8 personal property tax bills shall be entitled to twenty percent (20%) of the amount
9 due each taxing unit, whether the tax claim is voluntarily paid or is paid through
10 sale or under court order, and the fee shall be paid to him by the county clerk when
11 making distribution, as provided in KRS 134.480. This fee shall be added to the
12 amount of the tax claims and paid by the persons paying the tax claims. They shall
13 not be paid by the taxing districts or deducted from the taxes due the taxing
14 districts. This fee shall be waived if the certificate of delinquency is paid by the
15 taxpayer only within five (5) days of the sheriff's sale. If more than one (1) county
16 attorney renders necessary services in an effort to collect a tax claim, the attorney
17 serving the last notice or rendering the last substantial service preceding collection
18 shall be entitled to the fee. When the county attorney's office, in an effort to collect
19 a certificate of delinquency, or delinquent personal property tax bills files a court
20 action which is litigated by the taxpayer, an additional county's attorney fee equal to
21 thirteen percent (13%) of the total tax plus ten percent (10%) penalty, may be added
22 to the certificate or the bill and shall become part of the tax claim.

23 (5) If a county attorney chooses not to contract for these collection duties or if a county
24 attorney fails to perform the duties required by the contract, the
25 department~~[cabinet]~~ shall assume responsibility for the collection process. In the
26 performance of those duties, the department~~[cabinet]~~ shall have all the powers,
27 rights, duties, and authority with respect to the collection, refund, and

1 administration of the amount due on the certificate of delinquency conferred
2 generally upon the department~~[cabinet]~~ by Kentucky Revised Statutes including,
3 but not limited to, KRS Chapters 131, 134, and 135. The twenty percent (20%) fee
4 that would have otherwise been paid to the county attorney shall be paid to the
5 department~~[cabinet]~~ for deposit in the delinquent tax fund provided for under KRS
6 134.400.

7 (6) Any action on behalf of the state, county, and taxing districts authorized by this
8 section or by KRS 134.470, 134.490, or 134.540 shall be filed on relation of the
9 commissioner~~[secretary]~~, and the petition may be sent to the department~~[cabinet]~~,
10 which may require revision in instances where it deems revision or amendment
11 necessary. The department~~[cabinet]~~ shall advise the county attorney in all actions,
12 and may send him or her special assistance when the commissioner~~[secretary]~~
13 deems assistance necessary. A copy of the judgment shall also be sent to the
14 department~~[cabinet]~~. If the department~~[cabinet]~~ sends assistance to a county
15 attorney who contracts to prosecute the suits or proceedings, the county attorney
16 shall be entitled to his or her full fee. On the same day that suit is filed, the county
17 clerk shall be given notice of its filing. Costs incident to the suit shall become a part
18 of the tax claim.

19 (7) The department~~[cabinet]~~ may make its delinquent tax collection databases and
20 other technical resources, including but not limited to income tax refund offsetting,
21 available to the county attorney upon request from the county attorney. The county
22 attorney seeking assistance shall enter into any agreements required by the
23 department~~[cabinet]~~ to protect taxpayer confidentiality, to ensure database integrity,
24 or to address other concerns of the department~~[cabinet]~~.

25 (8) The county attorney may, at any time after assuming collection duties, enter into an
26 agreement with the delinquent taxpayer to accept installment payments on the
27 delinquent tax bill. The agreement shall not waive the county attorney's right to

1 initiate court action or other authorized collection activities if the taxpayer does not
2 make payments in accordance with the agreement.

3 Section 277. KRS 134.505 is amended to read as follows:

4 Any person while serving as county attorney who was required by law by reason of his
5 office to prosecute an action or to assist the commissioner~~[secretary]~~ of revenue in
6 prosecuting an action to enforce a claim of the state, county, school district and any other
7 taxing district to any land which was purchased by such districts at a sheriff's sale or sales
8 for delinquent taxes and who did not institute such action before he relinquished his
9 office or otherwise failed to perform substantially all the duties of his office relative to the
10 claim, shall not be entitled to receive any commission or compensation for any such sale
11 or sales when the redemption costs are paid. Any county clerk or other person authorized
12 to collect funds to satisfy unredeemed land sales shall be liable for any such money
13 distributed as a commission to any former county attorney who is not entitled to it.

14 Section 278. KRS 134.510 is amended to read as follows:

15 (1) After the state, county and taxing districts obtain real property as authorized by
16 KRS 134.490, the designated agent of the commissioner~~[secretary]~~ of revenue may
17 advertise and sell at public sale any of the lands, and the commissioner~~[secretary]~~
18 may convey the lands by deed to the purchaser. The commissioner~~[secretary]~~ shall,
19 within thirty (30) days from receipt of payment, pay to the county and taxing district
20 the amount of the proceeds due each. The Department of Revenue~~[Cabinet]~~ shall
21 be entitled to an administration fee equal to fifteen percent (15%) of the sale price
22 of the property, which shall be paid into the delinquent tax fund provided for in
23 KRS 134.400.

24 (2) The sales shall be advertised by a written or printed notice posted at the courthouse
25 door for fifteen (15) days before the date of sale, and by publication pursuant to
26 KRS Chapter 424, and may in addition be advertised by printed handbills posted for
27 fifteen (15) days before the date of sale in three (3) or more conspicuous places in

1 the taxing districts.

2 (3) Any real property acquired by the state, county and taxing districts pursuant to KRS
3 134.490 may be redeemed at any time before the commissioner~~[secretary]~~ gives a
4 deed to a purchaser, by paying to the county clerk the amount due at the time the
5 property was acquired, plus subsequent costs and interest at the rate of twelve
6 percent (12%) per annum.

7 Section 279. KRS 134.540 is amended to read as follows:

8 (1) When the Department of Revenue~~[Cabinet]~~ has reason to believe that any sale
9 made under the authority of Section 32 of Article VIII of Chapter 22 of the Acts of
10 1906, or Section 3 of Chapter 43 of the Acts of 1908, or Section 2 or 5 of Chapter
11 21 of the Acts of the first Extraordinary Session of 1938, is for any reason invalid,
12 the invalidity may be alleged in an action to establish the lien provided for in
13 Chapter 152 of the Acts of 1934. The action shall be brought on the relation of the
14 commissioner~~[secretary]~~ of revenue, who shall publish notice on the courthouse
15 door for fourteen (14) days before instituting the action, notifying all delinquents
16 that actions will be instituted unless the delinquent taxes against land subject to
17 such actions are paid at once. If the owner does not redeem the land within ten (10)
18 days after the expiration of the fourteen (14) day period, and the
19 commissioner~~[secretary]~~ is required to institute action, the state shall be entitled to
20 a fee equal to fifteen percent (15%) of the amount of the taxes, penalties and
21 interest, which shall be paid into the delinquent tax fund provided under KRS
22 134.400, to be used by the Department of Revenue~~[Cabinet]~~ to cover the expenses
23 of filing and administering such actions. If the property is redeemed after action is
24 instituted, the fee shall become a part of the redemption price. The
25 commissioner~~[secretary]~~ may, if he deems necessary, institute action without giving
26 the notice provided in this section, in which event the fifteen percent (15%) fee
27 shall not apply.

1 (2) The county attorney shall assist the Department of Revenue~~[Cabinet]~~ in filing and
 2 prosecuting the actions. For these services he shall be entitled to twenty percent
 3 (20%) of the taxes, penalties and interest. If he fails or refuses to assist in filing and
 4 prosecuting the actions, he shall not be entitled to this fee.

5 (3) An action shall not be instituted on behalf of the state to establish the lien provided
 6 for in Chapter 152 of the Acts of 1934 until after the expiration of the time that
 7 must expire before action to recover possession can be instituted.

8 Section 280. KRS 134.580 is amended to read as follows:

9 (1) As used in this section, unless the context requires otherwise:

10 (a) "Agency" means the agency of state government which administers the tax to
 11 be refunded or credited.

12 (b) "Overpayment" or "payment where no tax was due" means the tax liability
 13 under the terms of the applicable statute without reference to the
 14 constitutionality of the statute.

15 (2) When money has been paid into the State Treasury in payment of any state taxes,
 16 except ad valorem taxes, whether payment was made voluntarily or involuntarily,
 17 the appropriate agency shall authorize refunds or credits, to the person who paid the
 18 tax, or to his heirs, personal representatives or assigns, of any overpayment of tax
 19 and any payment where no tax was due. When a bona fide controversy exists
 20 between the agency and the taxpayer as to the liability of the taxpayer for the
 21 payment of tax claimed to be due by the agency, the taxpayer may pay the amount
 22 claimed by the agency to be due, and if an appeal is taken by the taxpayer from the
 23 ruling of the agency within the time provided by KRS 131.340 and it is finally
 24 adjudged that the taxpayer was not liable for the payment of the tax or any part
 25 thereof, the agency shall authorize the refund or credit as the Kentucky Board of
 26 Tax Appeals or courts may direct.

27 (3) Refunds or credits shall be authorized with interest as provided in KRS 131.183.

1 The refunds authorized by this section shall be made in the same manner as other
 2 claims on the State Treasury are paid. They shall not be charged against any
 3 appropriation, but shall be deducted from tax receipts for the current fiscal year.

4 (4) Nothing in this section shall be construed to authorize the agency to make or cause
 5 to be made any refund except within four (4) years of the date prescribed by law for
 6 the filing of a return including any extension of time for filing the return, or the date
 7 the money was paid into the State Treasury, whichever is the later, except in any
 8 case where the assessment period has been extended by written agreement between
 9 the taxpayer and the department~~[cabinet]~~, the limitation contained in this
 10 subsection shall be extended accordingly. Nothing in this section shall be construed
 11 as requiring the agency to authorize any refund or credit to a taxpayer without
 12 demand from the taxpayer, if in the opinion of the agency the cost to the state of
 13 authorizing the refund or credit would be greater than the amount that should be
 14 refunded or credited.

15 (5) This section shall not apply to any case in which the statute may be held
 16 unconstitutional, either in whole or in part.

17 (6) In cases in which a statute has been held unconstitutional, taxes paid thereunder
 18 may be refunded to the extent provided by KRS 134.590, and by the statute held
 19 unconstitutional.

20 Section 281. KRS 134.805 is amended to read as follows:

21 (1) The county clerk shall be allowed by the Department of Revenue~~[Cabinet]~~, for
 22 collecting state ad valorem taxes on motor vehicles, a commission of four percent
 23 (4%) on state taxes collected.

24 (2) The county clerk shall be allowed by the county treasurer, for collecting county and
 25 special district ad valorem taxes on motor vehicles, a commission of four percent
 26 (4%) on county and special taxes collected.

27 (3) The county clerk shall be allowed a commission of four percent (4%) of the school

1 district taxes collected.

2 (4) Effective January 1, 1985, the county clerk shall be allowed a commission of four
3 percent (4%) of the city or urban-county government taxes collected.

4 (5) (a) For the convenience and benefit of the Commonwealth's citizens and to
5 maximize ad valorem tax collections, county clerks shall be responsible for
6 causing the preparation and mailing of a notice of ad valorem taxes due to the
7 January 1 owner, as defined in KRS 186.010(7)(a) and (c), of each motor
8 vehicle no later than forty-five (45) days prior to the ad valorem tax and
9 registration renewal due date in each calendar year.

10 (b) When a vehicle is transferred in any year before the ad valorem taxes on that
11 vehicle have been paid, a notice of taxes due shall be sent within ten (10)
12 working days after the date of transfer or notice of transfer to the owner as of
13 January 1 of that year.

14 (c) When ad valorem taxes on a vehicle become delinquent for sixty (60) days, as
15 defined by KRS 134.810, a second notice shall be sent within ten (10)
16 working days to the January 1 owner of record. The notice shall inform the
17 delinquent owner of the lien provisions provided by KRS 134.810 on all
18 vehicles owned or acquired by the owner of the vehicle at the time the tax
19 liability arose.

20 (d) These notices shall be calculated, prepared, and mailed first class on behalf of
21 county clerks by the AVIS. Nonreceipt of the notices required herein shall not
22 constitute any defense against applicable penalty, interest, lien fees, or costs
23 recovery.

24 Section 282. KRS 134.815 is amended to read as follows:

25 (1) The county clerk shall, by the tenth of each month, report under oath and pay to the
26 state, county, city, urban-county government, school, and special taxing districts all
27 ad valorem taxes on motor vehicles collected by him for the preceding month, less

1 the collection fee of the county clerk, which shall be deducted before payment to the
 2 depository. The county clerk shall be required to deposit state collections in a
 3 manner consistent with procedures established by the department~~[cabinet]~~ for the
 4 prompt payment to the state of other state tax moneys collected by the county clerk.

5 (2) Any county clerk who fails to pay over any taxes collected by him on motor
 6 vehicles as required by subsection (1) of this section shall be required to pay a
 7 penalty of one percent (1%) for each thirty (30) day period or fraction thereof, plus
 8 interest at the legal rate per annum of such taxes.

9 (3) The county clerk may be granted an extension, not to exceed fifteen (15) days, for
 10 filing the monthly report to each district required by this section.

11 (4) In the event a motor vehicle is registered in a county other than that in which the
 12 vehicle had a taxable situs as of the most recent assessment date, the county clerk in
 13 the new county of registration shall be charged with collecting the ad valorem taxes
 14 due for the state, county, city, urban-county government, school and special tax
 15 districts in which the vehicle had situs. The county clerk making such collections
 16 shall receive commissions on collections as set out for other collections on motor
 17 vehicles.

18 (5) All moneys collected under this section by a county clerk on motor vehicles which
 19 had a taxable situs in another county shall be reported and deposited with the state,
 20 after he has deducted the appropriate commissions due from these collections, and
 21 such collections shall be distributed to the proper tax district.

22 (6) The department~~[cabinet]~~ shall provide procedures governing receipt and
 23 disbursement of all moneys collected under subsections (4) and (5) of this section.

24 Section 283. KRS 134.825 is amended to read as follows:

25 The Department of Revenue~~[Cabinet]~~ shall be responsible for payment of all expenses
 26 related to the development and implementation of computer and administrative systems
 27 necessary to carry out the provisions of KRS 134.805, 134.810 and 186A.145 and,

1 further, shall reimburse each state agency involved for all ongoing operational costs,
2 including the calculation, preparation, and mailing of notices of ad valorem property tax
3 due on motor vehicles, incurred by each such agency in administering the provisions of
4 KRS 134.805, 134.810 and 186A.145.

5 Section 284. KRS 134.990 is amended to read as follows:

6 (1) Any sheriff who violates subsection (2) of KRS 134.140 shall be fined one hundred
7 dollars (\$100) for each offense.

8 (2) Any person who violates the provisions of KRS 134.150 shall, upon indictment and
9 conviction in the county in which the act was done, be fined not less than one
10 hundred dollars (\$100) nor more than five hundred dollars (\$500), and be removed
11 from office.

12 (3) Any sheriff who violates subsection (3) of KRS 134.170 shall be fined not less than
13 one hundred dollars (\$100) nor more than five hundred dollars (\$500) for each
14 offense.

15 (4) Any sheriff who violates subsection (2) of KRS 134.200 shall be fined not less than
16 five hundred dollars (\$500) for each offense.

17 (5) Any outgoing sheriff who fails for ten (10) days to comply with the provisions of
18 KRS 134.215 shall be fined not less than fifty dollars (\$50) nor more than five
19 hundred dollars (\$500), and be liable on his bond for any default.

20 (6) Any sheriff who fails to report as required in KRS 134.300 shall be liable to
21 indictment in the county of his residence, and upon conviction shall be fined not
22 less than one hundred dollars (\$100) nor more than five hundred dollars (\$500).

23 (7) Any sheriff who fails to report as provided in KRS 134.320 shall be liable to
24 indictment in the Franklin Circuit Court, and upon conviction shall be fined not less
25 than one hundred dollars (\$100) nor more than five hundred dollars (\$500) for each
26 offense.

27 (8) Any person who willfully fails to comply with any rule or regulation promulgated

1 under subsection (4) of KRS 134.380 shall be fined not less than twenty dollars
2 (\$20) nor more than one thousand dollars (\$1,000).

3 (9) Any sheriff who violates subsection (5) of KRS 134.430 shall be fined one hundred
4 dollars (\$100) and be liable on his official bond for the damages sustained by any
5 person aggrieved.

6 (10) Any county attorney who fails to prepare, and any sheriff who fails to serve, the
7 notice provided for in subsection (2) of KRS 134.500 shall be fined not less than ten
8 dollars (\$10) nor more than one hundred dollars (\$100).

9 (11) Any sheriff who intentionally fails to keep his books in an intelligible manner and
10 according to the form prescribed by the Department of Revenue~~[-Cabinet]~~, or to
11 make the entries required by law, shall be fined not less than fifty dollars (\$50) nor
12 more than two hundred dollars (\$200) for each offense.

13 (12) Any person who fails to do an act required, or does an act forbidden, by any
14 provision of this chapter for which no other penalty is provided shall be fined not
15 less than ten dollars (\$10) nor more than five hundred dollars (\$500).

16 Section 285. KRS 135.040 is amended to read as follows:

17 (1) On the return of "no property found" on an execution issued upon a judgment in
18 favor of the state, the Department of Revenue~~[-Cabinet]~~ may institute equitable
19 proceedings in the Franklin Circuit Court or any other court of competent
20 jurisdiction, in the name of the state and on the relation of the
21 commissioner~~[-secretary]~~ of revenue. The choses in action or other equitable estate
22 of the delinquent shall be subjected to the payment of the amount due on any such
23 execution.

24 (2) On the return to the fiscal court of any tax bill as uncollectible, a like suit may be
25 instituted in the name of the state on the relation of the commissioner~~[-secretary]~~ of
26 revenue in any court of competent jurisdiction, and the choses in action or other
27 equitable estate of the delinquent may be subjected to the amount due on any such

1 tax bill. In such proceedings attachment may issue and other proceedings may be
 2 taken as are authorized on the return of "no property found" on an execution in
 3 favor of individuals.

4 (3) The county attorneys of the respective counties shall assist the Department of
 5 Revenue~~[Cabinet]~~ in prosecuting the actions mentioned in this section.

6 (4) No action shall be maintained under the provisions of subsection (1) of this section
 7 when the last execution issued has been returned "no property found" more than ten
 8 (10) years before the institution of the action, nor shall an action be maintained on
 9 the uncollectible tax bill under the provisions of subsection (2) of this section more
 10 than five (5) years after the date of the return by the sheriff or collector.

11 (5) Every person against whom an execution has been returned "no property found" and
 12 upon which an equitable action is instituted, as provided in subsection (1) of this
 13 section, shall be liable for a penalty of twenty percent (20%) of the amount due on
 14 the execution. The penalty may be recovered in the action, with the amount due on
 15 the execution. The penalty shall go to the delinquent tax fund provided for under
 16 KRS 134.400, unless the county attorney assists in the prosecution, in which case
 17 one-half (1/2) shall go to him.

18 Section 286. KRS 135.050 is amended to read as follows:

19 (1) The commissioner~~[secretary]~~ of revenue shall prosecute diligently the collection of
 20 all license fees, omitted license, inheritance, estate, income, excise or franchise
 21 taxes, judgments or other moneys, claims or demands due the state from any person.

22 (2) The Department of Revenue~~[Cabinet]~~ may institute legal proceedings to ascertain
 23 the amount of tax due under any statute imposing a license, excise or income tax in
 24 favor of the state, and to enforce the collection of the amount due and the penalties
 25 and interest thereon, and, in the case of a license or excise tax, to enjoin the
 26 operation of the business of the delinquent until the tax is paid.

27 (3) The Department of Revenue~~[Cabinet]~~ may, at or after the commencement of an

1 action under subsection (2) of this section to collect the amount of license, excise or
 2 income tax due and the penalties and interest thereon, have an attachment against
 3 the property of the person liable for the tax or a garnishment of his debtors, without
 4 the execution of a bond.

5 Section 287. KRS 135.060 is amended to read as follows:

- 6 (1) Employees of the Department of Revenue~~[Cabinet]~~ shall, when directed by the
 7 commissioner~~[secretary]~~, institute actions in the name of the state, and in the name
 8 of any county, school or other taxing district, on relation of the
 9 commissioner~~[secretary]~~, against any delinquent state, county or district officer or
 10 any person to recover taxes or any other money due the state or any county, school
 11 or other taxing district.
- 12 (2) Employees of the Department of Revenue~~[Cabinet]~~ before instituting or causing to
 13 be instituted any action that the commissioner~~[secretary]~~ is authorized by law to
 14 institute, shall file a copy of same with the commissioner~~[secretary]~~, with a verified
 15 statement of the facts upon which it is based. No action shall be instituted or caused
 16 to be instituted by an employee until it is approved and authorized by the
 17 commissioner~~[secretary]~~.
- 18 (3) In all actions brought under subsection (1) of this section in which a judgment is
 19 recovered, the party in default shall, in addition to the amount found to be due the
 20 state or any county, school or other taxing district, be adjudged to pay a penalty of
 21 twenty percent (20%) on the amount due.

22 Section 288. KRS 135.080 is amended to read as follows:

- 23 (1) When an action is brought in the Franklin Circuit Court against a sheriff or clerk, or
 24 against the sureties on his official bond, or against his heirs, devisees or
 25 representatives, or against any other person required to pay money into the State
 26 Treasury or to do any other act required by law to be done in connection with the
 27 payment of money into the State Treasury after it has been collected, the

1 Department of Revenue~~[-Cabinet]~~ shall, twenty (20) days before the trial, mail to
 2 the defendant in the action, directed to him at the courthouse of his county, a notice
 3 in writing stating the amount judgment will be asked for and the time the court will
 4 be held. The department~~[-cabinet]~~ shall file a copy of this notice, with the name of
 5 the person to whom sent and the time when and the place where sent, with the clerk
 6 of the court, to be filed by him and kept with the papers in the action.

7 (2) The court, without further notice to the parties, shall proceed with the action. The
 8 department~~[-cabinet]~~ shall file with the clerk of the court a memorandum of the
 9 names of the parties, the amount due from each defaulter against whom judgment is
 10 demanded, and a copy of the bond if any. The clerk shall docket the action in the
 11 order in which the names stand on the memorandum.

12 (3) Judgments, when given against the defendants in the cases referred to in this
 13 section, shall be for the principal due with interest at the rate of ten percent (10%)
 14 per annum from the time the amount was due until paid.

15 Section 289. KRS 135.090 is amended to read as follows:

16 If any of the defendants in an action brought under KRS 135.080 shall, upon oath, deny
 17 the execution of the bonds or instruments whereby they are sought to be made liable, a
 18 jury, if required, shall be impaneled to try the facts. All other facts may be tried by the
 19 court. Nothing but a receipt from the State Treasurer for the payment of the taxes or
 20 money claimed shall be admitted on the trial, except orders of the court and receipts in
 21 pursuance thereof, the records of the Department of Revenue~~[-Cabinet]~~ and the State
 22 Treasurer, and the delinquent list. No tender of payment nor any offset shall be pleaded or
 23 given in evidence.

24 Section 290. KRS 135.100 is amended to read as follows:

25 (1) Judgments in the name of the state or county against sheriffs and other public
 26 collectors, their sureties, or their heirs, devisees or personal representatives, or any
 27 of them, shall bind the estate, legal or equitable, of all of the defendants to the

1 judgments from the commencement of the action until satisfied. No execution
 2 thereon shall be stayed by replevin or sale on credit, but in all such cases the estate
 3 taken in execution shall be sold for money, except that the Department of Revenue~~Cabinet~~
 4 ~~Cabinet~~ may, with the consent of the Attorney General, indorse the right to replevy
 5 on the execution where the tax is payable to the department~~cabinet~~, and a like
 6 privilege is given to the sheriff, with the consent of the county attorney, when the
 7 taxes are payable to the sheriff.

8 (2) Any officer who makes a false return on such execution shall be subjected to the
 9 payment of the whole amount of the execution and costs, in addition to the penalty
 10 provided by subsection (3) of KRS 135.990.

11 (3) No person shall attempt, by any fraudulent execution, conveyance, encumbrance or
 12 otherwise, to stop or injure the sale of the estate under the execution.

13 Section 291. KRS 135.120 is amended to read as follows:

14 When the property of the defendant in execution, upon a judgment against a defaulting
 15 public officer, is encumbered by a previous bona fide mortgage, deed of trust or other
 16 encumbrance or prior lien, the officer shall, if no other property is found upon which to
 17 levy the execution, levy it upon the encumbered property and return the same. He shall
 18 make return of all the facts known to him, giving the date and consideration of the
 19 instrument creating the lien, to whom made, when recorded, the evidences of any prior
 20 lien, and the names of the parties who claim the same. Proceedings may be instituted by
 21 the sheriff or the Department of Revenue~~Cabinet~~, in the name of the state, in the
 22 county where the property is located, to have the property sold, the claims and demands,
 23 if just, satisfied, all encumbrances removed, and the proceeds of the sale of the property
 24 rightfully applied.

25 Section 292. KRS 135.130 is amended to read as follows:

26 (1) If return is made on an execution against a sheriff or other public defaulter to the
 27 state and his sureties that there was no sale of personal property for the want of

1 bidders, the Department of Revenue~~[Cabinet]~~ may direct the property levied upon
 2 to be removed from county to county for sale, as often as may be necessary, the cost
 3 of removal to be paid out of the sale of the estate as other costs. The officer who
 4 levied the execution may sell the property in any county to which it is so removed.
 5 If real property is levied upon, the place of sale may be changed to another county,
 6 and the officer may there sell and convey the property as in the county where the
 7 levy was made.

- 8 (2) The state may have executions in the hands of collecting officers in any number of
 9 counties at the same time.

10 Section 293. KRS 136.030 is amended to read as follows:

- 11 (1) Every corporation organized under the laws of this state, or doing business in this
 12 state, and domestic life insurance companies, shall by February 15, of each year
 13 make a true and correct report to the Department of Revenue~~[Cabinet]~~ signed by
 14 its president, secretary, treasurer, or other chief officer, giving the names and
 15 addresses of residents of this state who hold its outstanding bonds as of January 1
 16 previous thereto, and also the transfer of any of its bonds by residents of this state to
 17 nonresidents within thirty (30) days previous to January 1.

- 18 (2) Every broker-dealer or his agent doing business in this state pursuant to KRS
 19 Chapter 292, shall on or before March 1, each year, as of the preceding January 1,
 20 furnish the Department of Revenue~~[Cabinet]~~ the following information:

- 21 (a) Name and address of all Kentucky residents whose stocks, bonds, or other
 22 securities, excluding stocks and mutual funds, are held in a name other than
 23 that of the actual owner and which are in the possession of or subject to the
 24 control of such broker-dealer or his agent, for the benefit of such actual owner.

25 This shall be construed to include all accounts fully paid;

- 26 (b) Name of company by whom bonds or other securities were issued;

- 27 (c) Interest rate, maturity date, par value, and number of bonds held, and

1 sufficient information to measure the quantity of other securities; and

2 (d) Market value as of the previous January 1.

3 Section 294. KRS 136.050 is amended to read as follows:

4 (1) Except where otherwise specially provided, all corporations required to make
5 reports to the Department of Revenue~~[-Cabinet]~~ shall pay all taxes due the state
6 from them into the State Treasury at the same time as natural persons are required to
7 pay taxes, and when delinquent shall pay the same rate of interest and penalties as
8 natural persons who are delinquent.

9 (2) All state taxes assessed against any corporation under the provisions of KRS
10 136.120 to 136.200 shall be due and payable as provided in KRS 131.110. All
11 county, city, school, and other taxes so assessed shall be due and payable thirty (30)
12 days after notice of the amount of the tax is given by the collecting officer. The
13 state, county, city, school, and other taxes found to be due on any protested
14 assessment or portion thereof shall begin to bear legal interest on the sixty-first day
15 after the Kentucky Board of Tax Appeals acknowledges receipt of a protest of any
16 assessment or enters an order to certify the unprotested portion of any assessment
17 until paid, except that in no event shall interest begin to accrue prior to January 1
18 following April 30 of the year in which the report is due. Every corporation so
19 assessed that fails to pay its taxes when due shall be deemed delinquent, a penalty
20 of ten percent (10%) on the amount of the tax shall attach, and thereafter the tax
21 shall bear interest at the tax interest rate as defined in KRS 131.010(6).

22 Section 295. KRS 136.070 is amended to read as follows:

23 (1) Every corporation organized under the laws of this state, every corporation having
24 its commercial domicile in this state, and every foreign corporation owning or
25 leasing property located in this state or having one (1) or more individuals receiving
26 compensation in this state, except financial institutions as defined in KRS 136.500,
27 savings and loan associations organized under the laws of this state and under the

1 laws of the United States and making loans to members only, open-end registered
 2 investment companies organized under the laws of this state and registered under
 3 the Investment Company Act of 1940, production credit associations, insurance
 4 companies, including farmers' or other mutual hail, cyclone, windstorm or fire
 5 insurance companies, insurers and reciprocal underwriters, public service
 6 companies subject to taxation under KRS 136.120, those corporations exempted by
 7 Section 501 of the Internal Revenue Code, any property or facility which has been
 8 certified as an alcohol production facility as defined in KRS 247.910, any property
 9 or facility which has been certified as a fluidized bed energy production facility as
 10 defined in KRS 211.390, and any other religious, educational, charitable, or like
 11 corporations not organized or conducted for pecuniary profit, shall pay to the state
 12 an annual license tax of two dollars and ten cents (\$2.10) on each one thousand
 13 dollars (\$1,000) of the capital employed in the business as computed under the
 14 provisions of subsections (2) and (3) of this section, subject to the credit provided in
 15 subsection (6) of this section.

- 16 (2) (a) The term "capital" as used in this section means capital stock, surplus,
 17 advances by affiliated companies, intercompany accounts, borrowed moneys
 18 or any other accounts representing additional capital used and employed in the
 19 business. Accounts properly defined as "capital" in this section shall be
 20 reported at the value reflected on financial statements prepared for book
 21 purposes as of the last day of the calendar or fiscal year;
- 22 (b) "Capital employed," in the case of corporations having property or payroll
 23 only in this state, means "capital" as defined above;
- 24 (c) "Capital employed," in the case of corporations having property or payroll
 25 both within and without this state means "capital" as defined above and as
 26 apportioned under subsection (3) of this section;
- 27 (d) Property means either real property or tangible personal property which is

1 either owned or leased. Payroll means compensation, paid to one (1) or more
 2 individuals, as described in subsection (3) of this section. Property and payroll
 3 are deemed to be entirely within this state if all other states are prohibited by
 4 Public Law 86-272, as it existed on December 31, 1975, from enforcing
 5 income tax jurisdiction.

6 (3) The total capital, as determined under subsection (2) of this section, shall be
 7 apportioned as follows:

8 (a) The total capital shall be multiplied by a fraction, the numerator of which is
 9 the property factor plus the payroll factor, plus the sales factor, and the
 10 denominator of which is three (3); provided, however, that effective with
 11 taxable years beginning after July 31, 1985, in lieu of the equally weighted
 12 three (3) factor apportionment fraction based on property, payroll, and sales,
 13 an apportionment fraction composed of a sales factor representing fifty
 14 percent (50%) of the fraction, a property factor representing twenty-five
 15 percent (25%) of the fraction, and a payroll factor representing twenty-five
 16 percent (25%) of the fraction shall be used;

17 (b) The property factor is a fraction, the numerator of which is the average value
 18 of the taxpayer's real and tangible personal property owned or rented and used
 19 in this state during the tax period and the denominator of which is the average
 20 value of all the taxpayer's real and tangible personal property owned or rented
 21 and used during the tax period; provided, however, that property which has
 22 been certified as a pollution control facility as defined in KRS 224.01-300
 23 shall be excluded from the property factor:

24 1. Property owned by the taxpayer is valued at its original cost. If the
 25 original cost of any property is not determinable or is nominal or zero,
 26 such property shall be valued by the department~~{cabinet}~~ under
 27 regulations promulgated by the department~~{cabinet}~~. Property rented by

- 1 the taxpayer is valued at eight (8) times the net annual rental rate. Net
 2 annual rental rate is the annual rental rate paid by the taxpayer less any
 3 annual rental rate received by the taxpayer from subrentals, provided
 4 that such rental and such subrentals are reasonable. If the
 5 department~~[cabinet]~~ determines that the annual rental or subrental rate
 6 is unreasonable, or if nominal or zero rate is charged, the
 7 department~~[cabinet]~~ may determine and apply such rental rate as will
 8 reasonably reflect the value of the property rented by the taxpayer; and
- 9 2. The average value of property shall be determined by averaging the
 10 values at the beginning and ending of the tax period but the
 11 department~~[cabinet]~~ may require the averaging of monthly values
 12 during the tax period if reasonably required to reflect properly the
 13 average value of the taxpayer's property;
- 14 (c) The payroll factor is a fraction, the numerator of which is the total amount
 15 paid or payable in this state during the tax period by the taxpayer for
 16 compensation, and the denominator of which is the total compensation paid or
 17 payable everywhere during the tax period. Compensation is paid or payable in
 18 this state if:
- 19 1. The individual's service is performed entirely within the state;
 20 2. The individual's service is performed both within and without the state,
 21 but the service performed without the state is incidental to the
 22 individual's service within the state; or
 23 3. Some of the service is performed in the state and the base of operations
 24 or, if there is no base of operations, the place from which the service is
 25 directed or controlled is in the state, or the base of operations or the
 26 place from which the service is directed or controlled is not in any state
 27 in which some part of the service is performed, but the individual's

1 residence is in this state;

2 (d) The sales factor is a fraction, the numerator of which is the total sales of the
3 taxpayer in this state during the tax period, and the denominator of which is
4 the total sales of the taxpayer everywhere during the tax period. Sales of
5 tangible personal property are in this state if:

6 1. The property is delivered or shipped to a purchaser, other than the
7 United States government, or to the designee of the purchaser within this
8 state regardless of the f.o.b. point or other conditions of the sale;

9 2. The property is shipped from an office, store, warehouse, factory, or
10 other place of storage in this state and the purchaser is the United States
11 government; or

12 3. Sales, other than sales of tangible personal property, are in this state if
13 the income-producing activity is performed in this state; or the income-
14 producing activity is performed both in and outside this state and a
15 greater proportion of the income-producing activity is performed in this
16 state than in any other state, based on costs of performance.

17 (4) If the apportionment provisions of this section do not fairly measure the taxpayer's
18 capital in this state, the taxpayer may petition for or the department~~{cabinet}~~ may
19 require:

20 (a) The exclusion of any one (1) or more of the factors;

21 (b) The inclusion of one (1) or more additional factors which will fairly measure
22 the taxpayer's capital in this state; or

23 (c) The employment of any other method to produce an equitable apportionment
24 of the taxpayer's capital.

25 (5) No corporation required to pay an annual license tax under this section shall pay
26 less than thirty dollars (\$30).

27 (6) Every corporation with a gross income of not more than five hundred thousand

dollars (\$500,000) shall be entitled to a credit equivalent to one dollar and forty cents (\$1.40) per one thousand dollars (\$1,000) of the initial three hundred and fifty thousand dollars (\$350,000) of capital employed in the business, as computed under the provisions of KRS 136.070(2) and (3).

Section 296. KRS 136.0704 is amended to read as follows:

(1) As used in this section, unless the context requires otherwise:

(a) "Approved company" means a company approved under KRS 154.26-010 and subject to license tax under KRS 136.070;

(b) "Economic revitalization project" shall have the same meaning as set forth in KRS 154.26-010; and

(c) "Tax credit" means the tax credit allowed in KRS 154.26-090(1)(c)2.

(2) An approved company that entered into a revitalization agreement prior to July 13, 2004, shall:

(a) Compute the company's total license tax due as provided by KRS 136.070; and

(b) Compute the license tax due excluding the capital attributable to an economic revitalization project.

(3) The tax credit shall be the amount by which the tax computed under subsection (2)(a) of this section exceeds the tax computed under subsection (2)(b) of this section; however, the credit shall not exceed the limits set forth in KRS 154.26-090.

(4) The capital attributable to an economic revitalization project shall be determined by a formula approved by the Department of Revenue~~[-Cabinet]~~.

(5) For an approved company that enters into a revitalization agreement after July 13, 2004, the tax credit shall be negotiated pursuant to KRS 154.26-090, but shall not exceed one hundred percent (100%) of the computed license tax attributable to the location of the economic revitalization project. In no case shall the tax credit exceed the limits set forth in KRS 154.26-090.

(6) The license tax attributable to a revitalization project shall be determined by a formula approved by the Department of Revenue~~[Cabinet]~~.

(7) The Department of Revenue~~[Cabinet]~~ may promulgate administrative regulations and require the filing of forms designed by the Department of Revenue~~[Cabinet]~~ to reflect the intent of KRS 154.26-010 to 154.26-100 and the allowable income tax credit which an approved company may retain under KRS 154.26-010 to 154.26-100.

Section 297. KRS 136.073 is amended to read as follows:

(1) Every open-end registered investment company organized under the laws of this state and registered under the Investment Company Act of 1940 shall on or before the fifteenth day of the fourth month following the close of each fiscal year, if the company operates on a fiscal year basis or calendar year, file a report on forms prescribed by the Department of Revenue~~[Cabinet]~~ and pay directly to the State Treasury a tax of two dollars and ten cents (\$2.10) for each one thousand dollars (\$1,000) of "average net capital" as computed under subsections (2) and (3) of this section.

(2) The term "net capital" as used in this section means capital stock, surplus, borrowed moneys or any other accounts representing capital of the company less the amount of such capital which by said company is invested in Kentucky municipal securities which are obligations issued by the State of Kentucky, its political subdivisions, and the districts, authorities, agencies and instrumentalities of the state and its political subdivisions, the interest on which is exempt from federal and Kentucky income tax.

(3) The term "average net capital" as used in this section means the average of the net capital of the company as shown on financial statements of the company as of the first and last days of the fiscal or calendar year of the company, whichever is applicable.

- (4) The Department of Revenue~~[Cabinet]~~ shall examine and audit each report as soon as practicable after each report is received. Failure to make reports and pay taxes as provided in this section shall subject the company to the same penalties imposed for such failure on the part of other corporations.

Section 298. KRS 136.076 is amended to read as follows:

- (1) As soon as practicable after each return is received, the department~~[cabinet]~~ shall examine and audit it. If the amount of tax computed by the department~~[cabinet]~~ is greater than the amount returned by the taxpayer, the additional tax shall be assessed and a notice of assessment mailed to the taxpayer by the department~~[cabinet]~~ within four (4) years from the date the return was filed, except that in the case of a failure to file a return, or of a fraudulent return, the additional tax may be assessed at any time. The time provided in this section may be extended by agreement between the taxpayer and the department~~[cabinet]~~.

- (2) For the purpose of subsection (1) of this section, a return filed before the last day prescribed by law for filing the return thereof shall be considered as filed on the last day. For taxable years beginning after December 31, 1993, any extension of time granted for filing the return shall also be considered as extending the last day prescribed by law for filing the return.

Section 299. KRS 136.090 is amended to read as follows:

- (1) Corporations liable to taxation under KRS 136.070 shall file with the Department of Revenue~~[Cabinet]~~ each year, on forms prepared by the department~~[cabinet]~~, a return signed by the president, vice president, secretary, treasurer, assistant secretary, assistant treasurer, or chief accounting officer. This report shall give the name of the corporation; the name of the state or government under the laws of which it is incorporated; the date of incorporation; the place of its principal office in and out of this state; the name and address of its president and secretary; the name and address of its authorized agent or attorney upon whom process may be executed

1 in this state; the name and address of the officer or agent in charge of its business in
 2 this state; and the nature and kind of business in which it is engaged.

3 (2) The report shall also give the total value of all the property owned and used by the
 4 corporation; the value of the property owned and used by it in this state; the
 5 aggregate amount of business transacted by it during the preceding calendar year or
 6 fiscal year; the amount of such business transacted in this state; and such other facts
 7 as the department~~[cabinet]~~ requires.

8 Section 300. KRS 136.100 is amended to read as follows:

9 (1) If the corporation operates on a calendar year basis, the reports required under KRS
 10 136.090 shall be filed on or before April 15 in each year. If the corporation operates
 11 on a fiscal year basis, the reports shall be filed on or before the fifteenth day of the
 12 fourth month following the close of each fiscal year. The reports shall cover
 13 operations for the preceding calendar or fiscal year, as the case may be. Domestic
 14 corporations hereafter incorporated, and foreign corporations hereafter becoming
 15 the owners of property or transacting business in this state, shall make their reports
 16 to the Department of Revenue~~[Cabinet]~~ on or before the first filing date succeeding
 17 their incorporation or succeeding their becoming the owners of property or
 18 transacting business in this state, and shall in all respects be subject to the
 19 provisions of KRS 136.070 to 136.100 the same as corporations already in
 20 existence.

21 (2) A corporation may change its reporting period from a calendar year to a fiscal year,
 22 or from a fiscal year to a calendar year, by securing written permission from the
 23 department~~[cabinet]~~. If a corporation so changes its basis of reporting, the first
 24 report filed on the new filing date shall cover operations for the period between the
 25 close of the old accounting period and the close of the new accounting period. The
 26 assessment of value shall be computed in the same manner as on any other return,
 27 but the tax due shall be computed on that proportionate part of the assessment that

1 the period between the close of the old accounting period and the close of the new
2 accounting period bears to the entire twelve (12) month period.

3 (3) In any case where two (2) or more corporations merge, consolidate or otherwise
4 combine into a single corporation after the close of the taxable year, but before the
5 beginning of the succeeding taxable year, all factors used to determine the
6 corporation license tax assessment shall be computed on the basis of the
7 consolidated accounting records of such corporations.

8 Section 301. KRS 136.120 is amended to read as follows:

9 (1) Every railway company, sleeping car company, chair car company, dining car
10 company, gas company, water company, ferry company, bridge company, street
11 railway company, interurban electric railroad company, express company, electric
12 light company, electric power company, telephone company, telegraph company,
13 commercial air carrier, air freight carrier, pipeline company, common carrier water
14 transportation company, privately owned regulated sewer company, cable television
15 company, municipal solid waste disposal facility, as defined by KRS 224.01-
16 010(15), where solid waste is disposed by landfilling, railroad car line company,
17 which means any company, other than a railroad company, which owns, uses,
18 furnishes, leases, rents, or operates to, from, through, in, or across this state or any
19 part thereof, any kind of railroad car including, but not limited to, flat, tank,
20 refrigerator, passenger, or similar type car, and every other like company or business
21 performing any public service, except bus line companies, regular and irregular
22 route common carrier trucking companies, and taxicab companies, shall annually
23 pay a tax on its operating property to the state and to the extent the property is liable
24 to taxation shall pay a local tax thereon to the county, incorporated city, and taxing
25 district in which its operating property is located.

26 (2) The property of the taxpayers shall be classified as operating property, nonoperating
27 tangible property, and nonoperating intangible property. Nonoperating intangible